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End of Term Report 95th Congress

Office of Federal State Relations Commonwealth of Massachusetts

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Thomas R O'Neill, III
Lieutenant Governor

**End of Term Report
95th Congress**

**Office of Federal-State Relations
Commonwealth of Massachusetts**

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INTRODUCTION

As Lieutenant Governor of Massachusetts, responsible for coordinating Federal State Relations, I am pleased to report on the recently completed 95th session of Congress and its significance to the Commonwealth.

The 95th session of Congress was a productive one for Massachusetts. In dollars alone, in fiscal year 1977 Massachusetts received a record \$2.1 billion in Federal funding. In fiscal year 1978, Federal aid to the Commonwealth also increased significantly as a result of changing Federal policies far more sensitive to the needs of the older, industrialized cities of the Northeast. In 1978, the share of major development funds to Massachusetts' cities increased from \$140 million to \$264 million.

In Human Services, Massachusetts won major formula change victories in such programs as the Elementary and Secondary Education Act, and in the Vocational Rehabilitation Act. A settlement was also reached on a long-standing dispute with the Department of Health, Education, and Welfare, which alone brought Massachusetts nearly \$75 million in long overdue social service claims.

In areas of economic development and transportation, recognition of the unique problems of the older, industrialized cities of the Northeast resulted in new appropriation formulas in programs such as the Community Development Block Grant, the Public Works Act, and in the Surface Transportation Act which, for the first time, target Federal resources based on need.

In areas of energy and environmental legislation, Massachusetts was successful in winning Federal programs which go a long way to help us develop our indigenous resources and reduce the high cost of energy. Enactment of the Outer Continental Shelf legislation is the first reform in twenty-five years in the rules governing off-shore oil legislation. The way is now paved for Massachusetts to begin safe and responsible offshore oil exploration and development.

Not every agenda item in our Federal relations effort ended in a victory. At the close of Congress, a number of key items failed to be enacted. Among the most serious of these to the Commonwealth was the loss of the Countercyclical Fiscal Assistance program, which would have provided \$13.5 million in Federal aid to the cities and towns of Massachusetts in fiscal year 1979. Other items which did not pass are welfare reform, national health insurance, and health planning law revisions. Congress also failed to approve an amendment we proposed that would have substantially changed the Mass Transit Operating Assistance Program to increase Federal aid to urban mass transit systems.

Following is a summary of the highlights of the report, particularly in the area of Human Services, Energy and Environment, and Housing, Community Development, and Economic Development.

ENERGY AND ENVIRONMENT

The 95th Congress was unique in the time it devoted to energy and environmental legislation. The Office of Federal State Relations' staff was intimately involved in these debates, pushing for federal programs to responsibly develop our region's indigenous energy resources and reduce the region's energy costs, which are the highest in the nation. OFSR's major achievements during the session include:

- An Outer Continental Shelf package mandating strict environmental controls to guide the exploration and development of coastal oil resources, including anticipated reserves off Massachusetts' George's Bank. The bill also contains \$130 million over seven years for impact assistance. OFSR played a major role in this victory, working with the Office of Environmental Affairs in filing a suit to ensure OCS safeguards, and assisting the Department of the Interior and various Congressional committees in drafting the actual act;
- The National Energy Act, which provides major tax incentives up to \$300 for homeowners installing home insulation and up to \$2,200 for solar and conservation systems, encourages industries and utilities to convert from oil to coal, pushes utilities to revamp their rate structures to promote conservation, and taxes "gas guzzling" cars. These Federal incentives for conservational and alternative energy development represent a potential boon for Massachusetts consumers, who pay the highest fuel bills in the nation;
- A Residual Oil Entitlements measure which redresses a bias in Federal energy pricing policies against Northeastern states. Massachusetts will save an estimated \$58.5 million under the new plan; and,
- A Tanker Safety bill which represents a major step toward reducing the sort of pollution of the seas witnessed during the Argo Merchant disaster.

URBAN DEVELOPMENT

The 95th Congress devoted a substantial amount of its time to housing, community and economic development, and transportation issues. The most significant change in these areas has been a new willingness on the part of the Federal government to take into account the "true" economic characteristics of the Northeast in allocating federal funds. In programs such as Community Development Block Grant and Public Works, the criteria for judging the actual need of an area is now based on such additional conditions as the age of housing stock, population loss, and economic decline. The old formula for the Community Development Block Grant Program, based on a city's population, housing overcrowding, and the extent of poverty, was considerably biased against the Northeast and its older, urban communities. The new formula represents a significant gain for Massachusetts and other Northeastern states.

The major achievements during the session include:

- A formula change in the Community Development Block Grant Program which will bring \$44 million more in FY'79 than under the old formula and more than \$89 million over three years to the cities and towns of Massachusetts;
- A formula change in the Local Public Works Act which resulted in Massachusetts cities and towns receiving an additional \$33 million in Federal funds;
- A new \$57.2 million Small Cities Community Development Program specifically targeted to Massachusetts' smaller communities;
- An Urban Development Action Grant Program which has brought Massachusetts cities \$47.2 million in grants for joint public/private revitalization programs; and,
- An historic Surface Transportation Act program which, for the first time, establishes a comprehensive federal transportation policy and brings substantial new Federal dollars to the state for mass transit, highways, and a bridge replacement program.

HUMAN SERVICES

Several major human service gains were won for Massachusetts and other Northeast states during the 95th Congress. Among the most significant gain is the issue of funding formulas for human service programs. For years, funds have been appropriated to states based on formulas which ignored the cost of delivering services. By failing to take into account the higher cost of living in the older, urban areas of the Northeast, these formulas have seriously hampered our ability to provide adequate services to those most in need. The 95th Congress adopted new formulas for a number of human service programs. Among the major achievements were:

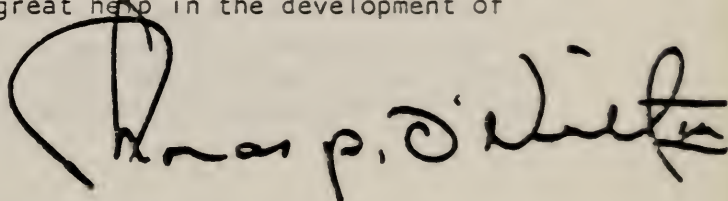
- The formula for distributing Vocational Rehabilitation funds was changed to lessen its dependence on per capita income. This is especially significant since the number of people needing rehabilitation services in most states is 4 percent of the population. The old formula favored states with lower per capita incomes levels and hurt the Northeast, where the cost of providing services is much higher.
- The formula for funding the Elementary and Secondary Education Act was changed to emphasize the unique characteristics of the poverty population in the Northeast region. The change will bring an additional \$13 million to Massachusetts next year.
- A change in Food Stamp legislation was approved this year which will prevent the loss of \$20 million in Food Stamp value to Massachusetts recipients. The formula change, which OFSR helped design, is based on the higher cost of shelter, fuel, and child care costs in the Northeast.

The following report explains in detail the impact of the 95th Congress on Massachusetts and the work of the Office of Federal State Relations in developing policy, regulations, and legislation to benefit the state.

The Office of Federal State Relations is grateful for the close cooperation and assistance received from the Massachusetts' Congressional delegation. We worked closely with the Massachusetts members of Congress on all of the legislative items enacted this year. Their willingness to work with me and the office on behalf of important state issues, and their assistance in relations with federal agencies, has been an important factor in our success in achieving improvements in federal law and increases in federal funding levels.

Few of the accomplishments that benefit our cities outlined in this report would have been possible without the support and efforts of Governor Michael Dukakis, whose influence in shaping a state urban policy led to the formation of countless federal initiatives and programs which are far more sensitive to the problems and needs of our older urban centers, not only in Massachusetts, but throughout the Northeast.

In addition, the Cabinet Secretaries, Commissioners and various staff throughout state agencies have been of great help in the development of federal/state policy.

A large, stylized handwritten signature in black ink, which appears to read "Thos. P. O'Neill, III". The signature is written in a cursive, flowing style with a large initial "T".

THOMAS P. O'NEILL, III
Lieutenant Governor
Commonwealth of Massachusetts
October 20, 1978

URBAN DEVELOPMENT

The cities of the Northeast are plagued by a unique set of problems caused by population and industrial shifts, a deteriorating tax base, and escalating service costs. Massachusetts, through development of a comprehensive Growth Policy, has taken the initiative to reverse this trend toward chronic unemployment and abandoned housing in our industrial areas. An aggressive program to seek out federal programs and resources and to target those resources to areas of greatest need has already begun to transform many of our cities into models of urban revitalization.

Major legislative initiatives of the 95th Congress have been geared toward improving funding formulas so that housing and community development programs are targeted to distressed areas of the country. New formulas were devised for the Community Development Block Grant, Comprehensive Small City, and the Local Public Works Programs. These three revisions resulted in an increase of an approximate \$77 million targeted to Massachusetts in FY 78.

Massachusetts has taken the lead in redirecting existing state programs, developing a comprehensive public investment strategy, and focussing federal discretionary grants to cities that need them most. Congress and the Carter Administration began to focus their attention on developing a National Urban Policy, targeted existing programs to urban areas, and developing new programs that would promote a "new partnership" between the federal government and state and local governments.

HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

One of the major legislative accomplishments of the 95th Congress was the reauthorization of the Housing and Community Development Acts of 1977 and 1978. These two authorizations incorporate many of the federal government's housing programs and community development activities.

COMMUNITY DEVELOPMENT BLOCK GRANTS

Of major concern to Massachusetts was the rewriting of a new funding allocation formula for the Community Development Block Grant Program (CD). The existing formula based on a city's population, housing overcrowding, and the extent of poverty, was considerably biased against the Northeast and older communities. As a result of our efforts in conjunction with northeast regional initiatives, an alternative formula was developed which used age of housing stock, extent of poverty and growth lag.

This formula change in the CD program resulted in an additional \$44 million for Massachusetts in FY 79 alone, and will mean more than \$89 million over the three year life of the program. Our older industrialized cities do exceedingly well under the new formula. For example, Boston would have received \$13.7 million under the original formula, but will now receive \$26.9 under the new formula.

Cambridge will receive \$4 million instead of \$1.8 million; Fall River \$3.5 million rather than \$1.9 million; Lowell \$2.8 million instead of \$1.6 million; New Bedford \$3.7 million instead of \$2 million; Springfield \$5.3 million instead of \$3 million; and Worcester \$6.2 million instead of \$2.7 million.

SMALL CITIES PROGRAM

The discretionary funding formula for the comprehensive Small City Program was also revised to respond to the needs of more distressed communities. Under the new formula, Massachusetts' small cities received \$14.1 million in FY 78, as compared to \$9.8 million under the old formula. Over the three year life of the program, Massachusetts will receive \$57.2 million for its smaller cities and towns.

To assist these small towns in applying for money, the Office of Federal State Relations held a series of regional meetings on the "Small Cities Program" in Springfield, Worcester, Boston, Lawrence, and New Bedford.

TARGETED DISCRETIONARY PROGRAMS

While Congress was rewriting the formula for these basic programs, HUD itself was refining its programs and targeting them to urban areas. During the past year, the Department of Housing and Urban Development instituted a number of new programs in the housing and community development area. UDAG (Urban Development Action Grants, Neighborhood Strategies (Housing Section 8 subsidies), the Urban Initiatives Program (public housing demo, inter-agency rehab, maintenance and security grants), and Congregate Public Services, are all examples of programs that are highly targeted to urban areas and that have been instituted this past year.

UDAG -- URBAN DEVELOPMENT ACTION GRANTS

This is a \$400 million per year program designed to provide cities with grants of significant size to leverage private investment back into the cities; to spur urban revitalization and neighborhood preservation; to promote industrial and commercial development; and to aid low and moderate income families.

Working with the Coalition of Northeast Governors, we developed a new formula for the allocation of community development block grants called "impaction". The impaction formula measured the relative need of cities according to the percentage nationally. This differs from the HUD proposal which measured only the number of pre-1940 housing units. This approach focuses on the degree to which each city is "impacted" with deteriorated housing.

Although impaction was not applied to the basic CDBG program, it has become the number one criterion for competition in the UDAG program, and thus a major victory for Massachusetts and the CONEG states.

In 1978, the OFSR worked with the Congressional delegation to defeat a UDAG budget cut, as well as a dangerous "Pockets of Poverty" criteria. "Pockets of Poverty" would have expanded eligibility for the UDAG program, to the competitive detriment of Massachusetts.

To date there have been four rounds of grants made and Massachusetts has received \$47.2 million or 10.4% of the funds awarded nationally. Only the State of Ohio with \$47.7 or 10.5% of the funds has done better than Massachusetts.

The following is a breakdown of how the funds are being used in Massachusetts:

Boston: In three projects, Boston is using \$12.3 million in UDAG money. They include \$1.8 million for economic development in the Blue Hill Avenue area, \$8 million for development at Lafayette Place, and \$2.5 million for a waterfront park at the Charlestown Naval Shipyard. The projects together create 1,160 jobs.

Springfield: \$1 million in UDAG money with funding for downtown improvements and for a new parking garage. The project will mean 535 construction jobs.

Cambridge: \$6.8 million is funding restoration, roadwork, dredging and park development in the Lechmere area, leveraging \$23 million in private funds and creating 1,120 jobs.

Chelsea: \$6.7 million will purchase and convert the Chelsea Naval Hospital into housing, commercial space, light industry, and a waterfront park. The project will leverage \$80 million in private funds, creating 3,133 construction jobs and 225 permanent jobs.

Salem: \$1.9 million to rehabilitate "The Point" waterfront neighborhood with housing and industry. The work will leverage \$4.5 million in private funds, creating 290 construction and 120 permanent jobs.

Lynn: \$3.3 million UDAG grant in the heart of Lynn's commercial district will be used initially to buy nine buildings, demolish some unsafe buildings, and finance improvements to commercial structures. In the first phase, the plan is designed to leverage \$10 million in private funds for 350 units of market-rate housing, \$7 million in state funds for open space and recreation, and \$6 million in private funds for waterfront commercial development, including a motel and forty condominiums.

Fall River: The Fall River UDAG grant will ignite revitalization plans for the entire commercial core of Fall River.

The 1.6 million dollar grant will finance a new parking facility. This, in turn, will trigger the South Main Place Project, a 3.2 million dollar office and commercial development.

Lowell: Lowell's five million dollar UDAG grant will finance an industrial loan to Wang Laboratories for an expansion that will create 315 construction jobs and 1862 new permanent staff, administrative and research jobs.

The project doesn't begin and end there, however. As the money is repaid through the Lowell Financial Development Corporation, it will feed a revolving fund for neighborhood housing grants and loans, and for commercial development.

NEIGHBORHOOD STRATEGY GRANTS

This is a new discretionary housing program which involves the targeting of Section 8 units for low-income housing and rehabilitation projects in a more comprehensive way in urban areas. The first announcement of NSAs was made in early October 1978.

The U.S. Department of Housing and Urban Development approved 3,629 housing units in 21 neighborhoods across Massachusetts. The NSA program is supporting 510 housing units in Boston alone. Other communities authorized include Springfield, Worcester, Lowell, Fall River, Somerville, Chelsea, New Bedford, Lynn, Framingham, Pittsfield, Chicopee, Taunton, Waltham, and Revere.

This program provides rental guarantees for low and moderate income housing, meant for families with incomes below \$14,000. With the rental guarantees, local communities contract with developers, who will get private financing to rehabilitate targeted housing. Financing is virtually assured because of the HUD commitment.

While past Federal programs have been too centralized, with little sensitivity for local need, this program is meant to coordinate with other development projects in a total, comprehensive development package. To qualify for the Neighborhood Strategies funds, communities prepared plans for specific neighborhoods, including their housing needs, job demands, and economic direction over a five year period. The state and the Massachusetts Housing Finance Authority will work with local officials to carry out the development.

Following are communities receiving authority for the housing:

Revere	Downtown	50 units
Somerville	East Somerville	325 units
Springfield		395 units
Taunton	Downtown	129 units
Waltham	Cotton Mill	108 units
Boston:		
	Chinatown	155 units
	Dorchester	88 units
	Franklin Park	97 units
	Savmore	170 units
Chelsea	Downtown	261 units

Chicopee	Downtown	150 units
Fall River	Downtown	100 units
Framingham	Downtown	200 units
Lowell	Downtown	270 units
Lowell	Lower Belvedere	100 units
Lynn	Downtown	270 units
New Bedford	North End	150 units
New Bedford	Concentrated Housing	56 units
New Bedford	South Central	50 units
Pittsfield	Downtown	150 units

URBAN INITIATIVE GRANTS

The White House, HUD, LEAA, Labor, FIA, and HEW announced for the first time an inter-agency program to provide critical support to large public housing projects that faced serious problems of disrepair, rehabilitation and maintenance, management, security and social support program needs.

While HUD provided the bulk of the funding, HEW, Labor, LEAA and Interior funds were also tapped for the funding pot. This was one of the initiatives that grew out of the President's Urban Policy, as part of a major new thrust on inter-agency cooperative programs and grants.

Under this program the City of Boston will receive \$10.4 million which will be used for the modernization of the Columbia Point Housing Project. The funds will be used for modernization, demolition, rehabilitation, and the development of tenant-operated commercial convenience stores at the site.

CONGREGATE PUBLIC SERVICE PROGRAM

The HUD Appropriation and Authorization for FY 79 establishes a new Congregate Public Service Program for low income elderly and the disabled. The program provides \$10 million yearly to provide a package of services which include meals, transportation, hygiene assistance, and primarily housing, as an alternative to institutionalization.

ECONOMIC DEVELOPMENT PROGRAMS

One of the major programs of the 95th Congress was the \$4 billion Local Public Works Program. The Local Public Works Act, which provided funding for fire stations, police stations, court houses, water and sewer projects,

industrial parks, and downtown restoration projects, is an example of how a change in a funding formula can result in significant additional assistance to Massachusetts cities and towns. The LPW formula change resulted in Massachusetts cities and towns receiving an additional \$33 million in federal funds.

Under the Local Public Works Program, 150 Massachusetts cities and towns received funding for over 200 public works improvement projects.

Under the original formula order, industrialized communities, such as Lowell, Lynn, Lawrence, Springfield, Worcester, Brockton, Fall River, and New Bedford received no funding. Under the more targeted formula Lynn received \$2.9 million, Lowell \$3.8 million, Fall River \$972,000, Lawrence \$3.2 million, Springfield \$5.2 million, Worcester \$5 million, New Bedford \$3.5 million, and Brockton \$3.1 million.

Massachusetts has been unique in developing a number of joint Federal/State/Local efforts to promote community economic development throughout the state. Several of these programs are well on their way to becoming model demonstration projects for the nation.

The Lowell Urban Park concept has attracted national attention with the recognition that our industrial heritage is a part of our social fabric well worth preserving. As Chairman of the Lowell Historic Commission, Lieutenant Governor O'Neill lobbied and testified on behalf of the Lowell National Historic Cultural Park. Congressman Tsongas hosted on-site hearings for the bill, which made Lowell America's first national urban park. This legislation will bring \$40 million to Lowell to rehabilitate old mill buildings and factories into housing and commercial space.

OFSR worked with the Metropolitan Area Planning Council for a special "area designation" in the Metropolitan Boston area. The pilot concept allows the 37 cities and towns in the region to apply collectively for Economic Development Administration grants which have previously been out of reach to small cities and towns. The designation, which encourages regional development schemes, may serve as a model for EDA in other parts of the nation. Following upon the designation, EDA awarded the MAPC a \$100,000 demonstration grant to carry out economic Development projects within the region.

The EDA approved a \$2 million grant (the first of its kind in the country) to the Massachusetts Technology Development Corporation (MTDC), a public agency designed to foster young, innovative technology in Massachusetts. MTDC, created under state legislation in July 1978, will create jobs and expand business opportunities in the state by providing planning, marketing advice, and start-up capital to small companies. The new agency will neither mean a new bureaucracy nor require state funds.

Massport has entered into a joint development effort with the City of Boston to revitalize the Boston Fish Pier. Modernization of the Pier promises to create more than 800 inner-city jobs, 2600 jobs in the region, and allow the fishing industry to capitalize on the potential created by the 200-mile limit. Phase I of the project has been started with a \$2 million EDA grant and Phase II is expected to commence next year with a \$4.5 million EDA grant. Massport worked closely with Congressman Moakley and the Office of Federal State Relations to develop this unique project.

FOREIGN TRADE ZONE

OFSR lobbied successfully with the Congressional delegation to win Foreign Trade Zone status for the ports of Boston and New Bedford, a designation that will allow duty-free trading and manufacturing in special areas of the ports, encouraging significant business development. The designation has already attracted attention from a number of U.S. companies. In the zones, imports may be landed and stored without customs formalities, duties can be minimized, and products may be manufactured or processed within the zone to lower duties and freight charges. This is the first instance of dual designation by the federal government for foreign trade zone status. The designation will lead to several hundred new jobs as well as revitalized ports and airport areas.

A NEW AGENDA FOR CITIES -- URBAN POLICY INITIATIVES

One of the major initiatives that the Office of Federal State Relations worked on during the past year was President Carter's National Urban Policy program.

The policy announced in March was built around the theme of "A New Partnership to Conserve America's Communities."

The program was actually a series of initiatives aimed at redirecting and targeting existing programs as well as new programs to urban areas.

The most publicized portion of the Urban Policy was the section which proposed \$8.3 billion in additional assistance to urban areas. However, the President's policy also recommended changes in existing programs which could target as much or more money to urban areas.

As we have pointed out above, the Administration and the Congress have provided for increased targeting of EDA programs, HUD programs, and Department of Transportation programs. Moreover, the President issued four Executive Orders dealing with targeted procurement, location of federal facilities in urban areas, the establishment of an Inter-Agency Coordinating Council, and the initiation of Urban Impact Statements.

Of the fourteen legislative initiatives that were submitted by the Administration nine were approved.

The following programs were enacted into law:

URBAN PARKS

\$750 million over 5 years to provide funds to urban areas for park modernization, rehabilitation, and development.

NEIGHBORHOOD SELF-HELP

\$15 million a year to fund specific housing and revitalization projects undertaken by neighborhood organizations.

LIVABLE CITIES

\$15 million over two years to provide grants to local governments, private non-profits and community organizations for projects which have the potential for revitalizing communities.

LOW INTEREST HOUSING REHABILITATION LOANS

\$150 million a year increase in the Sec. 312 program that provided low interest loans to rehabilitate housing in urban areas.

TITLE XX SOCIAL SERVICES

An increase of \$200 million in the Title XX program which provided funds for day care and other social service programs in urban areas.

INTERMODAL TRANSPORTATION

A \$200 million program to provide for the acquisition, construction improvement of facilities or equipment that will improve the coordination between public transportation and other transit forms was included.

INVESTMENT TAX CREDIT

A 10% investment tax credit that was extended to the rehabilitation of commercial and business structures was included in the tax legislation.

TARGETED EMPLOYMENT TAX CREDITS

A program that would provide business with tax credits for hiring individuals who are disadvantaged (AFDC/WIN registrants, food stamp Vietnam Veterans, voc-rehab referrals, general relief recipients.)

INNER CITY HEALTH INITIATIVES

\$50 million increase in this program which provides grants to establish primary care centers and demo grants to improve health care delivery.

Some of the President's proposals that did not win approval included Supplementary Fiscal Assistance, Labor Intensive Public Works, and the National Development Bank.

The Office of Federal State Relations will continue to work for the enactment of these programs in the 96th Congress.

NATIONAL DEVELOPMENT BANK

In particular, the National Development Bank is an extremely interesting proposal that will receive much attention next year. The question of targeting, raised in connection with the entire Urban Policy, also must concern the bank. The impact of the bank could vary greatly depending on the distressed criteria selected. The focus has already been broadened from urban areas to all distressed areas. In this regard, targeting to specific types of firms is also an issue. As of now the bank will pursue a policy of assisting credit-worthy firms only. This could mean that it will function as an incentive to urban investment but will not fill gaps in the capital market left by the private sector.

The concept of filling capital needs in cities carries with it two further connotations. First, the bank may not provide the types of capital most needed by urban businesses. The emphasis is on fixed assets, to the exclusion of working and venture capital. Second, there is reason to question whether capital shortages are in fact the worst problem confronting private investors in urban areas. If this is true, the bank can have only a minimal impact at best.

The big test for the bank will come as Congress over the next few months examines the proposal. It would appear that there is support for the concept on Capitol Hill. People do not seem to question the need for

federal intervention in the provision of development financing. However, some are wondering whether much of what the bank proposes to do could not be done more easily and more swiftly through existing programs such as EDA Title IX and Section 204. Legislators who do support the bank realize that implementation of the concept is probably at least a year away and are looking for ways to modify EDA, HUD and SBA programs to provide assistance to cities in the meantime.

As Chairman of CONEG's Advisory Board, Lt. Governor O'Neill will continue to actively participate in the formulation of this legislation and work for its passage.

TRANSPORTATION

Good transportation is vital for employment, for education, for the delivery of health and other social services, and for obtaining the essentials of daily life. If the Commonwealth of Massachusetts is to experience economic growth and community development, we must have a sound State transportation network.

While our transportation system suffers from the same deterioration found in other public facilities in the Northeast, application of a new federal transportation philosophy bodes well for the future of highway, mass transit, and rail programs in Massachusetts and the New England states. Federal transportation officials realize that as a mature industrial society, we must now shift from the past transportation policies of new construction toward the rehabilitation and restoration of our existing system. Legislative initiatives of the 95th Congress make major strides toward this goal.

Authorizations for most federal highway programs were scheduled to expire at the end of fiscal year 1978. The program financing mechanism for almost all federal highway aid, the Highway Trust Fund, is scheduled to expire at the end of fiscal year 1979. The 95th Congress addressed the questions of new authorizations and financing methods with passage of a comprehensive, four-year highway, mass transit bill, reflecting a new emphasis on integrated transportation services and planning.

It is imperative that the Northeast have a self-sustaining rail system adequate to meet the rail transportation needs and service requirements of the region. ConRail, since its inception two years ago, has been plagued with a variety of internal, external, and financial problems, thus far preventing the necessary rehabilitation of our dilapidated rail freight system. While Congress this year authorized to ConRail additional federal financing, ConRail's ultimate viability remains highly doubtful.

The Office of Federal State Relations has advanced an alternate proposal as the solution to the rail freight problems of the Northeast -- public ownership of rail rights-of-way. Under this system, the federal government would own and maintain our rail rights-of-way, leasing them to the railroads who would pay a user fee for operating rights. The result would be a rail system without deferred maintenance; railroad companies free from maintenance responsibilities.

During the past year the Office of Federal State Relations concentrated on the following transportation projects and issues:

MBTA

Modernization of the "T", which has been a priority of the Lieutenant Governor's, is well-underway with the necessary planning and foundation work now complete.

The Southwest Corridor Project is an unprecedented model of urban achievement; a one billion dollar commitment to Boston's future as the heart of the metropolitan area. The project will generate over 18,000 jobs in construction alone, and more than 5,000 permanent jobs in industry and commerce. The new Orange Line will carry over 110,000 people daily into Boston, and railroad construction will provide commuter rail trains to carry an additional 40,000 people into downtown Boston.

In addition to its transportation aspects, the Southwest Corridor Project returned to private ownership homes that would have been destroyed. An 85 acre Corridor Park will be built, and a new \$32 million Community College in Roxbury is in the design stages. And today, Digital's 15 acre industrial park is underway, the first manufacturing operation to be built in Boston in years.

Construction is also underway at both ends of the Red Line extending it northwest from Harvard Square and south from Quincy Center.

The U.S. Department of Transportation has awarded \$163 million to expand the Red Line from Harvard Square to Davis Square in Somerville, for railroad modernization, and other projects.

Additionally, the Department has awarded the following series of grants for the Southwest Corridor Project:

- \$66.4 million for construction of a subway tunnel from Harvard Square to Porter Square
- \$62.3 million for major tunnel work between Porter and Davis Squares, and a new Harvard Square station
- \$20.3 million for the purchase of five new locomotives and modernized roadbeds on the Gloucester branch, the Eastern-Ipswich line, and the Fitchburg division of the commuter rail network.

The MBTA has received \$44 million of the \$486 million committed by the federal government for the Corridor. The T and Amtrak will pay \$121 million as their share of reconstructing the railroad right-of-way in the corridor.

REGIONAL TRANSIT AUTHORITIES

Budget support for RTAs has increased from under \$1 million in FY 1975 to a projected \$3.9 million in FY 1979. The number of riders on RTA vehicles has grown steadily -- from 9 million in 1975 to more than 35 million in 1978. Regional bus services aid the elderly, poor and carless, and also play an active role in revitalizing city and town centers. Two new RTAs, Cape Cod and Taunton/Attleboro, bring the Massachusetts total to ten.

HIGHWAY/MASS TRANSIT

A comprehensive, four-year highway and mass transit bill, which substantially increases Federal funding to Massachusetts for mass transit operating assistance, bus purchases, and a bridge replacement program was enacted in the closing days of the 95th Congress.

The present allocation of Federal Transit Operating Assistance is based inaccurately on a population basis, without recognizing the existence of functioning public transportation systems. The new legislation corrects this inequity by devising a formula which takes into account population, population density, bus purchases, and commuter rail miles. Boston's allocation of mass transit operating assistance gains significantly under this new formula. The City receives an increase of a minimum of \$44 million in operating assistance over the four year life of the authorization. Boston will receive \$34 million in FY 1979, as compared to a \$23 million allocation in FY 1978.

A new \$300 million national allocation for bus purchases under Section 3 Operating Assistance provides a yearly \$6 million allocation to the City of Boston for bus purchases, or a \$24 million total increase in funding over the life of the program.

The Federal bridge replacement and rehabilitation program has been expanded and generously funded for FY 1979 through FY 1982. Structurally as well as functionally obsolete bridges will be eligible for Federal monies. Massachusetts will receive \$21 million in FY 1979, \$26 million in FY 1980, and \$31 million in FY 1981. This is nearly a 100% increase over past funding levels.

The Massachusetts Department of Transportation worked with both the House and Senate Committees for inclusion of an Interstate Transfer provision. As passed, Massachusetts may now transfer an unlimited percentage of the State's interstate highway allocation to mass transit projects at an 85/15 Federal/State match.

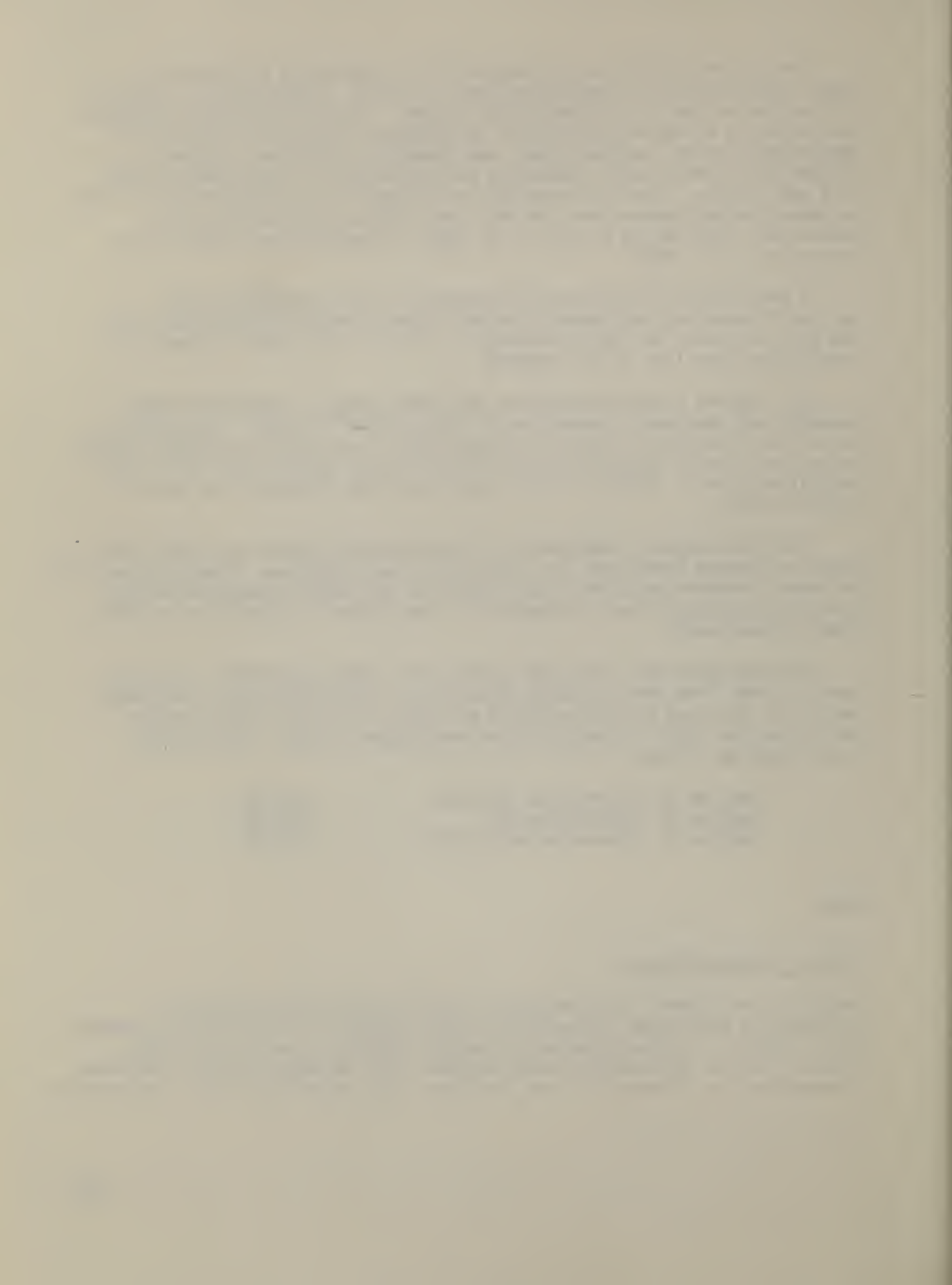
Massachusetts has fared well under the FY 1978 allocation of Federal transit funds from the U.S. Urban Mass Transit Administration. The Commonwealth has received more than \$290.5 million in FY 1978, ranking second just after New York in funding to the New England states. The funding breaks down as follows:

Section 23 (Interstate Transfer)	\$193.7m
Section 3 (Discretionary)	\$ 56.8m
Section 5 (Operating Assistance)	\$ 50.0m

RAIL

AMTRAK IMPROVEMENTS ACT

The Office of Federal State Relations, working with the Coalition of Northeastern Governors, successfully urged passage of the Amtrak Improvements Act. The bill is a multi-purpose piece of legislation which authorizes \$745 million to continue providing national rail passenger service, mandates a reexamination of Amtrak's route structure, and authorizes other improvements.



NORTHEAST CORRIDOR IMPROVEMENT PROJECT

This last Congress saw the implementation of the greatly anticipated Northeast Corridor Improvement Project. The project received an original \$1.8 billion appropriation, and an additional \$455 million in this session's appropriation process. The funding will go towards replacement and rehabilitation of various aspects of the Northeast's intercity rail lines. The eventual goal is to attain the mandated trip time: 3 hours and 45 minutes from Washington to New York, and 2 hours and 45 minutes from Boston to New York. If completed on schedule, these goals should be met by 1985.

The final appropriation of this program represents a major victory for Massachusetts and the Northeastern States. This project will funnel over \$2 billion to the region, creating jobs, bolstering the economy, and paving the way for the revitalization of the railroads of the Northeast.

CONRAIL AUTHORIZATION

With the strong and active support of the Massachusetts Department of Transportation and the OFSR, the 95th Congress in its final hour authorized an additional appropriation of \$1.2 billion for the purchase of securities of the Consolidated Rail Corporation. The OFSR supported inclusion of the Poughkeepsie Bridge Amendment, which authorizes \$9 million for restoration of this now defunct passage route. Repair of the Poughkeepsie reopens this vitally important rail link to the Northeast. An increasing energy reliance on coal conversion mandates that we expand the access routes for rail freight to New England.

There remains a serious rate disparity of railroad container freight between North Atlantic Ports and the Midwest. The Port Equalization Amendment sought to rectify this situation by equalizing rail freight rates on container traffic. Although time constraints prevented final Floor consideration of this important amendment, the OFSR will continue to work for the enactment of reform in this area, designed to place the Port of Boston in a significantly better competitive position.

HUMAN SERVICES

Human needs in older industrialized areas require a broad range of services. As in housing or community programs, allocation formulas have far-reaching effects on the ability of states to meet service needs. Formulas should be consistent with the services they deliver and the needs of the states that use them. OFSR has paid close attention to funding formulas in the Elementary and Secondary Education Act (ESEA), the Comprehensive Employment and Training Act (CETA), the Vocational Rehabilitation Act, the Older Americans Act, and the Title XX Social Services Program, and has attempted to win formula changes to resolve current inequities in state-by-state distribution of funds.

In some areas, our needs have been primarily for additional funding (Social Services, Child Welfare). Other programs, however, require major revisions in the way funds are distributed (ESEA, CETA). Still other programs, such as food stamps, need a simplified, yet responsive measure of need. OFSR and the Coalition of Northeastern Governors designed and won approval for an added deduction for housing costs, which tend to be higher in the Northeast, to retain such sensitivity in the food stamp program.

Massachusetts is often in a unique position when the federal government initiates new programs. New federal programs generally encourage states to provide services to deal with a given problem or need. Some states, including Massachusetts, have already passed state legislation to address the same problem. Some elements of the Congress seek to deprive federal funds to states attempting to solve problems on their own, sending federal funds, instead, to states that have been slow to recognize the problem.

The Massachusetts Special Education, or "Chapter 766" program is a prime example of this tendency. When the Congress devised legislation to establish a federal special education program, it would have barred federal funds from states that had an existing state mandate to provide these services. Aggressive action by Lt. Governor Tom O'Neill and Speaker O'Neill removed the prohibition and made Massachusetts and other states eligible to receive their fair share of funding.

As a result, local school districts will receive an estimated \$20 million in fiscal year 1979 and \$40 million in fiscal 1980 to fund special education programs, easing the drain on local property taxes for Chapter 766 areas:

During the 95th Congress the Office of Federal-State Relations was active in the following Human Service areas:

TITLE IV - A SOCIAL SERVICES CLAIMS SETTLEMENT

A \$74.7 million agreement with the federal government over Title IV-A Social Service claims settled a major dispute between the state and the federal

government. The Office of Federal-State Relations (OFSR) worked with Attorney General Bellotti's office, other affected states and the U.S. Department of Health, Education and Welfare to reach the agreement, which will repay states for the cost of social service programs prior to October, 1975. The Carter Administration settlement came after prolonged litigation between the states and HEW during the Nixon and Ford Administrations. Legislation to implement the settlement was introduced in the closing days of the first session of the 95th Congress and passed and signed into law this year. The appropriation for this settlement is contained in the FY 1979 Treasury/Post Office Appropriations bill and should be available to the state in November. The size of this settlement made it possible for the Commonwealth to provide an increase of \$300 million in aid to cities and towns this year.

ELEMENTARY AND SECONDARY EDUCATION ACT (ESEA)

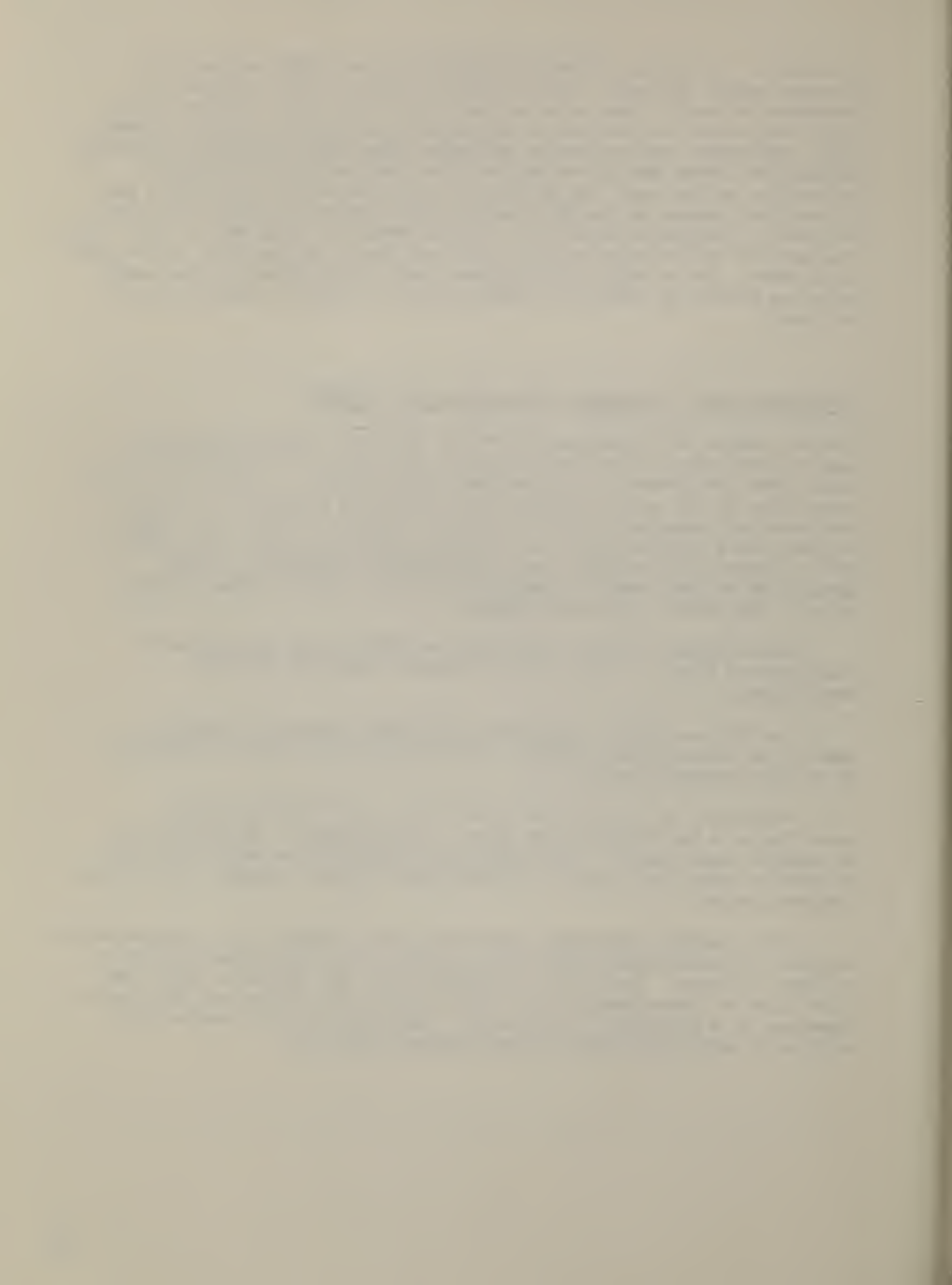
A major victory for Massachusetts and the Northeast states occurred with Congressional approval of formula changes for the distribution of Title I funds under the Elementary and Secondary Education Act. Inequities in the formula due to the use of outdated census data and a measure of poverty that does not adequately reflect the higher cost of living in the urban Northeast were highlighted in Lt. Governor O'Neill's report on the ESEA Title I formula to the Coalition of Northeastern Governors in 1976. Largely due to that report, changing the Title I formula became a major priority for CONEG in the 95th Congress.

Three changes in Title I advocated by OFSR and the Massachusetts Department of Education resulted in increased education aid for Massachusetts:

---A full weighing of children on the AFDC program will now be used in the basic Title I formula. This change will bring an additional \$1 million to Massachusetts.

---One-half of all new monies for Title I will be distributed according to a new formula using both a revised poverty definition and an updated census count. This change could amount to as much as \$12 -13 million in additional funds for Massachusetts in the five-year life of the reauthorization.

---The Congress approved an Administration proposal for a "concentration program" to provide additional funds to areas with high concentrations of eligible children. The original proposal would have netted an additional \$5 million for Massachusetts, but with changes advocated by the OFSR and the Commonwealth's Department of Education, the state will now receive \$9.6 million in additional funds for local school districts.



VOCATIONAL REHABILITATION ACT

A major breakthrough after years of effort to change the formula for the distribution of Vocational Rehabilitation funds occurred when a formula amendment favorable to Massachusetts was adopted by the Conference Committee after passage in the Senate.

The old formula favored states with per capita income levels below the national average and did not, as Lt. Governor O'Neill pointed out in Senate testimony on the Vocational Rehabilitation Act reauthorization, relate the distribution of funds to the cost of providing services -- costs which are higher in the industrialized Northeast. The new formula alleviates the inequities of the present formula which relies on population and inverse per capita income squared by removing the square for one-half of all new monies over the FY 1979 level (\$760 million) starting in fiscal year 1980. Together with the increased authorization levels contained in the legislation (\$880 million in FY 80, \$945 million in FY 81, and \$972 million in FY 82), Massachusetts will realize significant gains in Vocational Rehabilitation funds.

In addition a new funding category, supported by the OFSR, was added in the legislation to provide for "independent living services" for handicapped persons. These independent living programs will include housing, transportation and therapeutic services and are authorized at \$80 million in FY 1979, \$150 million in FY 80, \$200 million in FY 81, and such sums as necessary in FY 1982.

FOOD STAMPS

To address the higher costs of living in the Northeast, OFSR successfully sought the inclusion of a shelter cost deduction in the 1977 reauthorization of the Food Stamp program. OFSR was instrumental in the design and adoption of the excess shelter deduction which is available to food stamp families which spend over 50% of their net income on shelter, utilities, and child care. Use of this deduction will increase food stamp benefits by an average of \$14 per month to 65% of the Commonwealth's recipients, and was a major accomplishment in persuading Congress to recognize regional variations in rent, heating, and utility costs.

OFSR also worked successfully to eliminate the purchase requirement from the Food Stamp Program, allowing recipients to receive the bonus value of their stamps without cash outlays each month. These changes should help to insure an adequate diet for those whose income is insufficient to buy food and pay for other necessities as well.

TITLE XX -- SOCIAL SERVICES

While the Federal ceiling for the Title XX program has remained constant, state expenditures for social service programs have increased dramatically.

Lt. Governor O'Neill testified before the Senate Finance Committee on the need for an increase in the \$2.5 billion Title XX ceiling, which has been in effect since the start of the program in 1975, despite increases in the costs of services provided under Title XX. In fact, due to a population based formula the state's minimum allotment under Title XX has declined from \$69.5 million in fiscal 75 to \$67.6 million in fiscal 79. Without a ceiling, Massachusetts would have received \$119 million in federal reimbursements based on Title XX eligible expenditures of \$164 million in fiscal 78.

Day care, the largest single program under Title XX, has increased from \$16.5 million in 1975 to a projected \$29.6 million in FY 79. Community programs for the mentally retarded have increased by 148 percent between fiscal 76 and fiscal 79. Protective services for children will increase from \$7.3 million last year to \$13.0 million in 1979.

These and other unmet service needs have been documented by OFSR for the state's Congressional delegation. Legislation to increase the federal ceiling to \$2.9 billion in FY 79, \$3.15 billion in FY 80 and \$3.45 billion in FY 1981 was supported by OFSR and passed the House in the second session of Congress. Massachusetts would have received \$78.5 million in FY 79, \$85.2 million in FY 80 and \$87.9 million in FY 81 under the legislation. In the closing days of Congress, however, this increase was approved for one-year only by the Senate. Massachusetts state Title XX ceiling will increase from \$67.6 million to \$78.5 million under this legislation, an increase of nearly \$11 million.

DAY CARE FUNDING

In 1977, before legislation to raise the Title XX ceiling was introduced, OFSR lobbied to extend legislation authorizing \$200 million in additional day care funds above the Title XX ceiling. Massachusetts received \$5.5 million in Fiscal Year 1978 under this legislation. In FY 79, this money is included in the state's \$78.5 million share of the Title XX funding.

WELFARE REFORM

OFSR has been active in the formulation of welfare reform proposals. The Office has represented the state at meetings held by the National Governor's Association Task Force on Welfare Reform, and a similar effort sponsored by the Coalition of Northeast Governors. The OFSR also participated in efforts of the Coalition, a group representing state, county and local government organizations, to produce a compromise bill. The Office worked with the Department of Public Welfare and the Executive Office of Economic Affairs to develop an analysis of the impact of alternative proposals on Massachusetts. The final analysis of the President's proposal shows the state would save between \$110-115 million under the bill based on 1978 expenditures before grandfathering decisions are made.

When supporting the basic principles and provisions of the Administration's bill, OFSR successfully sought several improvements in the program during House Committee mark-up. These included:

- providing jobs for all cash assistance recipients who would be expected to work;
- inclusion of cost indexing for federal benefits;
- several provisions which will increase the federal share of state supplements to general relief recipients and several categories of "grandfathered" families;
- a better formula for allocating \$600 million for emergency assistance;
- a shorter income accountable period that is more sensitive to family needs;
- a simplified hold harmless formula; and
- allowance for state administration of the program.

When an impasse was reached earlier this year due to disagreements among key members of Congress, the debate on a welfare reform bill was revived by the New Coalition. OFSR worked with other New Coalition members on the design of a compromise welfare reform bill and Governor Dukakis represented the New Coalition in Congressional and Administration meetings on the compromise proposal. Due to Congressional scheduling problems, the various welfare reform proposals were never taken up by the House Ways and Means Committee, but the New Coalition compromise may be a starting point for action on welfare reform in the 96th Congress. In fact, in the Senate, many of the key cash assistance provisions of the compromise are contained in a bill introduced by Massachusetts Senator Edward M. Kennedy toward the close of this Congress.

FISCAL RELIEF FOR WELFARE

Massachusetts received \$7.1 million in May 1978 as a result of legislation which provides fiscal relief for AFDC costs borne by the states. The Lt. Governor testified for this relief before the Senate Finance Committee. Additional payments for interim fiscal relief for FY 1978 and 1979 were not accepted by Congress in the rush for adjournment, however, FY 1979 relief payments may still be enacted when a new Congress convenes in January. OFSR will continue to seek interim relief at the time while also working for enactment of comprehensive welfare reform.

HEALTH PLANNING

OFSR successfully sought increased federal funding for Health Planning Agencies which brought an additional \$5 million for the Massachusetts health agencies in FY 1978. OFSR also worked with the National Governors'

Association for a series of amendments to improve the Federal health planning law, which has been the basis for a strong health planning system in Massachusetts. Health Planning legislation containing these amendments will be on next year's agenda, since passage was not achieved this year.

HOSPITAL COST CONTROL

In many ways, HEW modeled its new hospital cost-control legislation after the Massachusetts program, which in 1977 held Massachusetts hospital cost increases to 9%, while national costs rose 15%. OFSR, the State Department of Public Health and the Massachusetts Rate Setting Commission worked with HEW to develop the legislation. Governor Dukakis testified on behalf of the National Governors' Association during Senate hearings chaired by Senator Edward Kennedy. Several versions of hospital cost control legislation were introduced in Congress, and language was added to these bills to allow states like Massachusetts to keep their own cost control systems as long as their requirements were more stringent than those in the federal plan.

At the close of the Congress the Senate adopted a version of hospital cost control sponsored by Senator Gaylord Nelson (D-Wisconsin). This legislation would have provided stand-by mandatory controls on all payors of hospital charges, and also contained state exemption language that would have protected the Massachusetts program. The House, however, did not consider this bill prior to adjournment, and it will undoubtedly be raised as an Administration priority in the 96th Congress.

Health care cost controls will also be faced as Congress deals next year with the issue of National Health Insurance. Both Governor Dukakis and Lt. Governor O'Neill testified at HEW hearings this year on National Health Insurance, and have consistently supported legislation to provide health care coverage for all Americans.

MEDICARE-MEDICAID FRAUD AND ABUSE PREVENTION

The Office of Federal-State Relations worked successfully for provisions in the Medicare-Medicaid fraud and abuse prevention legislation. The legislation is designed to strengthen state fraud detection efforts, to increase oversight responsibilities of Professional Standards Review Organizations and to implement realistic procedures for states who fail to carry utilization review requirements. PL 95-142, which contains these provisions, was signed by the President in October, 1977.

HEALTH SERVICES AMENDMENTS

OFSR worked for the passage of the Health Services Amendments Act of 1978, which included increased funding for Section 314 (d) -- Health Incentive Grants for Comprehensive Public Health Services. This program supports

state initiatives designed to prevent disease on a community-wide scale. Prior to the increased authorization, the real value of 314(d) fund had diminished each year due to inflation and important programs such as disease reporting, immunization, environmental health, health education and licensing and inspection of health care providers were in danger of being cut back.

CHILD NUTRITION LEGISLATION

OFSR successfully worked for the passage of the Child Nutrition bill. This legislation included a four-year extension of the Women, Infants, and Children (WIC) program and provided a higher authorization level for this critical program. It also makes permanent the Child Care Food Program which provides food to non-residential child care institutions such as day care centers and afterschool recreation sites. Massachusetts will gain \$1 million in FY 79 due to the higher authorization level for the WIC program.

OLDER AMERICANS ACT

OFSR worked for passage of the Older Americans Act of 1978, which contains significantly higher levels of funding for Older Americans programs. Massachusetts will gain \$3.9 million in additional social service funds due to this legislation. In addition, funds were added for the Congregate Meals and Home Delivered Meals programs, bringing Massachusetts an additional \$4.8 million for elderly nutrition programs.

In previous years, elderly recipients of SSI in Massachusetts were often ineligible for employment programs under this legislation due to the generous levels of SSI benefits in the Commonwealth. OFSR worked for a change in eligibility for these employment programs to 125% of the poverty level to correct this problem. A prohibition from Title V wages being considered in eligibility determinations for Medicare and Medicaid was added as well.

The Act also included a special demonstration program that provides grants to develop community long-term care models. The provision recognizes that many elderly persons can remain in their own community if a network of support services are available there. The national program is consistent with our effort in Massachusetts to develop a comprehensive system of community services through our Home Care Corporations. These agencies will provide \$33 million in homemaker, chore, home health and other services that enable people to live more independently.

During the past two years, Lt. Governor O'Neill has supported federal programs that recognize the social and economic advantage of serving people in their community, and avoiding placements in nursing homes and hospitals that are not necessary. The Older Americans Act amendment is one example of success in this area. Funds will be available on a competitive basis.

EDUCATION OF HANDICAPPED CHILDREN

It costs Massachusetts \$2700 a year to provide special education for one child. The federal contribution of \$70-75 is far too inadequate.

As originally drafted, the federal Education for Handicapped Children Act denied federal funding to any state that already had a mandatory handicapped education program, including Massachusetts. An amendment sponsored by House Speaker Thomas O'Neill provides some federal funds for those states to implement their programs.

In Congressional testimony, Lt. Governor O'Neill called for:

- Assurance for local school systems that federal funds would be appropriated, especially in cases where local budgets are completed before federal allocations are made.
- Funding formulas that reflect educational cost differences between states.
- More accurate child counts. State Educational agencies estimate current national child counts are 400,000 short of what they should be, which means that states are getting less funds than they should.
- An increase in the federal percentage reimbursement of the cost of education. The law provides for a phased increase to 40% of the national average per pupil expenditure by 1982. The Office supports reaching the maximum at the outset.
- Use of each state's average per pupil expenditure rather than the national average.

OFSR has been working with the National Governors' Association Sub-Committee on Education to develop a package of amendments to the federal law to be filed in the next session of Congress. The Office will be meeting with other states during the next three months to complete the drafting of this package.

CONGREGATE HOUSING DEMONSTRATION PROGRAM

Lt. Governor O'Neill has urged the federal government to encourage more housing and support services for people who were formerly cared for in state hospitals, nursing homes and other institutions. Across the nation, efforts to deinstitutionalize state facilities who do not require day to day care have been hampered by a lack of appropriate housing alternatives.

The Department of Housing and Urban Development, at the urging of Lt. Governor O'Neill and Mental Health Commissioner, Dr. Robert Okin, agreed to fund a national demonstration program to establish congregate housing programs for the mentally ill.

Massachusetts received \$4.1 million, more than any other state, to fund community housing alternatives for the mentally ill (\$1.98 million) and retarded (\$2.15 million).

The funds will provide housing for 132 mentally ill people in Springfield, Gardner, Somerville, Newton, Hyannis, Quincy, Brockton, Boston and Worcester. Programs for 114 mentally retarded persons will be established in Boston, Malden and Marlboro.

YOUTH EMPLOYMENT

Youth unemployment is one of the most severe problems threatening our cities today, especially among minority youth in low-income areas. Entry level positions are requiring more training, and the seniority system often means that youth are the first to lose their jobs in a business downturn.

Governor Dukakis has established a Youth Task Force to channel federal and state resources into the context of an overall youth policy. The task force goals are to serve the youth with the greatest need, to promote long-term employability, to help create new jobs and to coordinate our resources.

Major federal CETA programs providing new youth opportunities include the Youth Employment and Training Programs (YETP) and the Youth Community Conservation and Improvements Project (YCCIP), both encouraging training through community-based projects. The Young Adult Conservation Corps will employ youths in parks, and the Youth Incentive Entitlement Pilot Projects aims to train youths while encouraging them to stay in school.

In 1977, the Lt. Governor submitted testimony on the Administration's Youth Employment legislation to the House Education and Labor Committee. He encouraged targetting funds to areas of high unemployment, more flexibility to allow states to coordinate services among several state agencies, and funds to carry out special projects. OFSR also successfully opposed amendments allowing payment of sub-minimum wages for youth.

The state received \$2.9 million in FY 1978 under the YCCIP program to provide employment and training for youth, ages 16-19, in projects that will benefit their neighborhoods and communities. Another \$14.5 million was received under YETP to serve low income youth between the ages of 16-21. \$1.2 million of these funds were in a discretionary fund to enable the Governor to design special programs to better coordinate state agency youth employment activities. A total of \$21.7 million was also made available to Massachusetts in FY 78 to provide summer jobs for economically disadvantaged youth.

YES PROGRAM

OFSR also worked with the City of Boston to obtain a grant from the Department of Labor for \$23 million to operate the Youth Employment Services program (YES). This demonstration program provides high school students with jobs if they agree to stay in school. These jobs are full-time during the summer and part-time during the school year. The program covers 70% of the City of Boston.

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YOUTH RESTITUTION

Lt. Governor O'Neill was instrumental in an award of \$3 million from the U.S. Department of Labor and the Law Enforcement Assistance Administration for a youth restitution program. The program will provide employment and training for 357 young people who have committed property offenses. The youths will use a portion of their wages to repay the victims of their crime. At the same time they will learn a skill and have a job that offers them an alternative to a life of crime.

The program is an excellent example of how state and federal agencies can work together and by pooling their money, encourage better programs to solve some of today's complex problems without creating whole new categorical programs or agencies.

Lt. Governor O'Neill spent several months reviewing the program and its benefits to the federal agencies who agreed to jointly sponsor the program, a new experience for both federal agencies.

CETA REAUTHORIZATION

OFSR supported the one-year extension of the Comprehensive Employment and Training Act for fiscal year 1979, and worked to gain formula and program revisions in the major reauthorization which occurred in the second session of the 95th Congress. Attempts were made in the House to make substantial cuts in the public service employment titles of the Act, and OFSR joined with the Washington offices of the Northeastern states, organized labor, and other public interest groups to successfully oppose most of these changes. Efforts to prevent cuts in the program overshadowed the expected formula revisions, but the final version of the formula did represent a gain for Massachusetts. Actual allocations are based on unemployment rates and are still being determined by the Department of Labor.

As part of its economic development and job creation strategy, the state has sought federal support to turn publicly funded, short term CETA projects into long term unsubsidized jobs. Many CETA projects generate income from the production of goods or services. Current regulations prevent the projects from keeping and reinvesting this income in the project. OFSR has worked with the Manpower Services Council and the Department of Manpower Development to allow CETA projects to retain income or revenues produced by the project. The Department of Labor agreed with the Massachusetts position and included this authority in their proposed reauthorization of the program, and this job creation provision was accepted by the Congress.

The CETA reauthorization also contains a 1% Governors' set-aside to encourage coordination of prime sponsor programs with state education and training activities. Increased funding for a state coordination role was a central theme in Lt. Governor O'Neill's testimony on the CETA bill.

MINIMUM WAGE LEGISLATION

OFSR, with the Coalition of Northeastern Governors successfully defended legislation raising the minimum wage from \$2.30 in 1977 to \$2.65 in 1978.

The first part of the paper discusses the importance of maintaining accurate records of all transactions. It is essential for the company to have a clear and concise record of all financial activities, including sales, purchases, and expenses. This will allow the company to track its performance over time and identify areas for improvement.

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Conclusion

In conclusion, the importance of maintaining accurate records of all transactions cannot be overstated. It is essential for the company to have a clear and concise record of all financial activities, including sales, purchases, and expenses. This will allow the company to track its performance over time and identify areas for improvement.

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\$2.90 in 1979, \$3.10 in 1980 and \$3.35 in 1981. The Coalition also opposed language to permit the use of sub-minimum wages for youth.

EMERGENCY UNEMPLOYMENT COMPENSATION EXTENSION

In the first session of Congress OFSR worked successfully to temporarily extend legislation authorizing additional unemployment compensation benefits triggered by high unemployment rates. This program provided an additional 13 weeks (up to 52 weeks) of unemployment compensation during periods of high unemployment. The program expired in November, 1977 under the temporary extension but provided additional assistance while the economy gained strength.

EMPLOYMENT SECURITY GRANT

To improve job-finding ability; OFSR worked successfully with Speaker O'Neill for a \$9.5 million federal grant to upgrade the computer operations within the Division of Employment Security. The three-year project should enable DES to match job applications with available openings. Computer terminals will be located at centers throughout the state. The new system should also increase the unemployment insurance claims service.

UNEMPLOYMENT INSURANCE COST EQUALIZATION •

To reduce high business costs during a recession, OFSR, with the National Governors' Association and the Coalition of Northeastern Governors, fostered support for a bill to base payments to state unemployment trust funds on excess unemployment compensation costs in times of high unemployment. Without this system, increased business taxes would be necessary to pay back state trust fund advances. The proposal aims to lower unemployment insurance costs to the state's employers during a national recession reducing a competitive disadvantage.

Lt. Governor O'Neill presented testimony before the National Commission on Unemployment Compensation urging the adoption of a system of U.I. cost equalization or reinsurance. In addition, OFSR worked for a change, adopted by Congress last year, to finance Federal Supplemental Benefits (FSB), out of general revenues rather than from a tax on businesses. This new financing mechanism was adopted for benefits after April 1977, but the NGA, CONEG, business groups and the OFSR will continue to advocate general revenue financing for these benefits on a retroactive basis as well.

ENERGY

ENERGY COSTS

Massachusetts, with its excessive reliance upon high-priced oil imports, boasts the highest energy prices in the nation. This unenviable situation results in part from such environmental factors as extreme climatic conditions and a dearth of extractable energy resources. It is, however, further exacerbated by a history of federal energy policies which have discriminated against the Northeast.

Lieutenant Governor Tom O'Neill's office has, during the 95th Congress, acted on several fronts to redress Massachusetts' bleak energy cost scenario.

RESIDUAL OIL ENTITLEMENTS

Seeking to improve the Northeast's disadvantageous position with respect to federal energy pricing mechanisms, the Office of Federal State Relations (OFSR) worked for the passage of the revised residual fuel oil entitlements program.

The original oil entitlements program, established by the federal government after the Arab Oil Embargo of 1973-74, was intended to equalize the costs between higher-priced imported oil and lower-priced domestic oil through the payment of "entitlements" to importing companies by domestic producers. In the past, East Coast consumers have not fully shared in this less expensive oil because so much of their residual oil was imported.

The newly approved law raises entitlement payments to 50% from the current 30% level. This translates into an 80¢ per barrel reduction in the price of residual oil which normally sells for \$13, with total savings to Massachusetts residual oil consumers of \$58.5 million. However as the new program expires on July 1, 1979, extensive lobbying will be required in the next session of Congress to re-extend these higher entitlement payments.

EMERGENCY FUEL ASSISTANCE

Over the last two years Massachusetts and other Northeast states lobbied successfully for legislation to help the poor and elderly meet their fuel bills during the harsh winter months.

In early 1977 Lieutenant Governor O'Neill appeared before Congress to urge passage of a Special Crisis Intervention Program--an 8 month, \$200 million emergency energy assistance program. During the winter of 1976-77 Massachusetts was able to aid 79,625 low-income persons in meeting their fuel bills with the \$5 million it received under this program.

Problems relating to the administration of the program caused great difficulty in obtaining funding for the winter of 1977-78. Yet a concerted push by the Northeast states, including a tie-breaking vote cast in the House by Speaker O'Neill, helped win the approval of a new Emergency Energy Assistance Program. This law brought additional funds to the state, with \$6,576,794 of assistance going to 90,410 people over the program's 4 month tenure. Taken together with \$1 million of state money allocated by Governor Dukakis, Massachusetts was able to provide vital assistance to the needy during one of the worst winters in state history.

Passage of another temporary fuel assistance bill is extremely unlikely before next winter. Plans are being made by the Administration to propose legislation for a permanent energy assistance program, yet this will not solve the immediate problem of making it through this year. OFSR is working with the Administration to develop a permanent program, and will push for whatever aid is needed this winter in the form of a supplemental appropriation from Congress.

INDIGENOUS RESOURCES

One way Massachusetts can improve its energy outlook is to responsibly develop its heretofore untapped indigenous energy resources. If such localized energy development proves practical, it could yield important new revenues for the state and avoid expensive transportation costs involved in importing our energy from other regions of the country. The Lieutenant Governor's office has thus taken the lead in attracting federal support for energy research and development programs in the state, as well as in assuring that proper environmental safeguards accompany such energy development efforts.

OFFSHORE OIL

Exploration and development of offshore oil on George's Bank could provide an important new source of energy for the Commonwealth. Lieutenant Governor O'Neill, as Chairman of the Interior Department's OCS Advisory Board, along with Governor Dukakis and the Massachusetts Office of Environmental Affairs, has fought an uphill battle over the last 3 years to ensure that environmental and procedural safeguards are in place before such offshore oil development proceeds. These labors achieved fruition in August of this year with passage of the OCS Lands Act Amendments of 1978--the first reform in 25 years of the rules governing offshore oil development.

The legislation requires the Secretary of the Interior to develop--in concert with the governors of affected states--a comprehensive 5-year program for OCS leasing which is to consist of a schedule of proposed sales indicating the size, timing, and location of activities.

The bill also authorizes \$1 million to aid commercial fishermen whose livelihood is jeopardized by OCS activities, a fund of up to \$300 million to cover OCS-related oil spill damages, \$5 million each year to assist states in carrying out their responsibilities under the Act, and an annual allocation of \$130 million to help states offset the adverse economic impacts of OCS activities. This latter fund, the Coastal Energy Impact Program, will yield \$36.76 million to Massachusetts over the 7 years covered by the authorization.

OFSR will actively monitor the implementation of the OCS amendments, and will encourage the development of this important energy resource.

NARRAGANSETT BASIN COAL

Narragansett Basin coal reserves could, in time, prove to be a significant new source of energy for the Commonwealth. OFSR worked with Speaker O'Neill's office in obtaining \$238,000 for an initial phase of a project to determine the coal supply potential of the Narragansett Basin. Efforts are currently underway to secure an additional \$412,000 for actual drilling and geophysical studies at various Basin sites.

CONSERVATION/SOLAR

To meet our future energy needs and minimize our dependence on imported oil, we must develop new energy technologies while at the same time squeezing more out of the energy we now use. The federal government has set these as national energy goals, and is making funding available to localities and states to assist in their realization.

Over the last 2 years OFSR and the State Energy Policy Office have participated in federal energy planning efforts, and have sought to ensure that Massachusetts fully utilizes federal energy development and implementation programs. Together we labored to make the case that the Commonwealth's dependence on oil imports made it ideally situated as a national model for experimenting with new energy technologies. We also argued that an energy program which was successful in Massachusetts, with its extreme climatic conditions, could be adapted to any region of the country.

NATIONAL ENERGY ACT

The National Energy Act (NEA) had its origins in President Carter's March 1977 National Energy Plan. The President's legislative proposals were intended to set national policy in the areas of energy pricing, conservation and production. Congress has killed several key elements of the Administration bill, with the remaining sections representing an important first step towards a national energy strategy rather than a final, comprehensive program.

Congress has approved a controversial compromise plan for the phased deregulation of natural gas prices. Critics label the measure "the biggest consumer ripoff in history", while Congressional supporters and the Administration feel it will cost consumers less in the long run than would continued controls. The Administration also believes the natural gas bill will save 15 million barrels of oil a day by 1985 by producing more gas.

Although the natural gas bill has aroused the most interest in recent months, the big energy savers in President Carter's original plan were taxes on crude oil and industrial users of oil and gas. These bills, designed to cut reliance on foreign oil by 4.5 million barrels per day in 1985, were rejected by Congress.

Coal conversion and utility rate reform measures also won Congressional approval. The coal conversion bill would require certain new and existing electric power plants and major fuel burning facilities to use coal and other nonpetroleum fuels. Exemptions from this requirement could be obtained for environmental, economic and a range of other reasons, leading critics to characterize the bill as "toothless". Utility rate reform legislation, also watered down from the Administration version, would encourage rather than require utilities to reform their pricing structure to promote conservation and protect low-income users. It would also require utilities to cooperate with cogenerating systems and small power producers.

Another section of the plan seeks to encourage energy conservation. Included here are a utility-run conservation program for residential buildings, as well as weatherization grants of up to \$800 per household for low-income families, \$400 million in funds to insulate schools and health care facilities, and \$100 million for state energy conservation programs.

In addition, Congress passed an impressive \$1 billion tax credits program to encourage energy conservation and solar energy development. People could receive up to \$300 in direct tax write-offs for insulating their homes, and credits of up to \$2200 for expenditures on residential solar, wind or geothermal equipment. Businesses would be entitled to a 10 percent investment tax credit, in addition to a general investment tax credit of 10 percent now in the law, for certain spending on energy conservation equipment and techniques.

Finally, a "gas guzzlers" tax bill would, beginning with the sale of 1980 model cars, impose taxes up to \$550 on cars getting less than 15 miles per gallon. Increasing each year, the maximum tax on cars getting less than 12.5 miles per gallon in 1986 would be \$3850. Taken together with penalties assessed manufacturers under existing law if their fleet average fails to meet mileage standards, this bill should over the next several years virtually eliminate the worst gas guzzlers.

The NEA's impact on Massachusetts is generally positive. The low level of natural gas usage in the Commonwealth should cushion the impact of natural gas deregulation. The OFSR joined with the Massachusetts Energy Policy and Solar Action Offices in pushing for the conservation and solar provisions. Finally, Massachusetts was the first state in the country to comply with the coal conversion goals of the NEA, converting Brayton Point from an oil to a coal-fired electric generating facility.

ENERGY HOME AUDITS

A pilot program of home energy "audits" is now offered through County Extension services in 126 cities and towns across Massachusetts. Teams of energy specialists have been trained to help homeowners save \$200 to \$300 per year in energy costs. The no-charge service is so popular that it is being eyed by the U.S. Department of Agriculture as a model for similar efforts across the country.

ENERGY EXTENSION SERVICE

Anticipating federal funding for FY 79, Massachusetts designed a model Energy Extension Service (EES) network to disseminate conservation information to homeowners and businesses. Yet despite intensive lobbying by OFSR and the Massachusetts Energy Policy Office, Congress has held up funding of a national EES program pending review of its 10-state pilot program. The Lieutenant Governor's office will continue to push for the \$293,000 due the state and, in concert with other states, may request a supplemental appropriation to allow funding to begin at a higher level.

RIGHT-TURN-ON-RED

OFSR has worked with the state Energy Office and Senators Brooke and Kennedy's offices over the last year in winning government approval of Massachusetts' right-turn-on-red plan, thus saving the state \$1.2 million in federal conservation money.

The U.S. Department of Energy had warned state officials that the conservation funds would be withheld unless an alternative to the department's mandatory right-turn-on-red policy was approved. However, state officials feared that a blanket right-turn plan would endanger pedestrians. Massachusetts' new plan, known as the "eastern rule", allows motorists to turn right at a red traffic light only at posted intersections.

In addition to ensuring continued funding of state conservation programs, the newly approved right-turn-on-red plan should result in considerable fuel savings for motorists.

LABOR ENERGY GRANT

The Lieutenant Governor's and Speaker O'Neill's offices assisted the Massachusetts State Labor Council and Americans for Energy Independence in securing funding from the Department of Energy for an energy education program. The grant, totalling \$15,000, will be used to bring labor union members together to discuss ways of conserving energy. Another \$67,550 should become available in FY 79 to cover costs of a state energy conference planned for February.

This program is intended as a national model, demonstrating the outreach capabilities of organized labor in the area of energy conservation.

NUCLEAR/LNG

Questions have arisen over the last several years with respect to the safety and environmental suitability of nuclear power and liquified natural gas energy facilities, both of which represent important sources of energy for Massachusetts. OFSR has aggressively pursued legislation intended to resolve the uncertainties surrounding the use of these energy technologies.

NUCLEAR POWER

During the just-completed Congressional session legislation was introduced to deal with the two most controversial issues surrounding the use of nuclear power in the United States: nuclear licensing and radioactive waste disposal. In March of 1978, after considerable in-fighting within the Administration, Energy Secretary Schlesinger submitted to Congress a Nuclear Siting and Licensing Act designed to expedite the licensing of nuclear plants. Similarly, a number of bills were introduced to resolve the difficulties surrounding nuclear waste management. A relatively minor bill governing the cleanup of radioactive uranium sites was the only measure to win approval.

Recognizing Massachusetts' substantial dependence on nuclear-generated electricity, OFSR closely monitored the progress of the nuclear-related legislation introduced during the 95th Congress. Together with the state Energy Policy Office, we raised several objections to the hasty drafting and lack of concern with safety reflected in the bills, and worked with committee staff to clarify the role states would play in licensing and waste management programs. Of greatest concern to us, however, was the fact that these nuclear measures skirted the central issue of public uncertainty over the proper role for nuclear power in meeting our energy needs. We will work during the next session to see that this issue is directly weighed in proposed legislation.

LIQUIFIED NATURAL GAS

Congress this year considered, but failed to pass legislation setting standards for the siting, operation and maintenance of LNG facilities. However, in response to increasing public interest in the safety of LNG facilities, prompted in part by a recent dramatic GAO report on the subject, such legislation will likely win approval next year.

Massachusetts, which presently has a large LNG facility operating within its borders, recently passed its own LNG safety measure. Passage of a federal law would enhance the state's competitive position if it sought future LNG facilities within its borders, as Massachusetts would no longer have standards more restrictive than those of other states. OFSR will continue to work during the next Congressional session for a strict federal statute in this area, raising Massachusetts' regulatory experience as a lesson for federal lawmakers.

ENVIRONMENT

The Office of Federal/State relations and the Massachusetts Office of Environmental Affairs have, during the 95th Congress, undertaken several initiatives to protect the state's environment. What is perhaps most distinctive about the state's activities in this area is that, while most states merely react to federal environmental initiatives, Massachusetts achieved a deserved reputation for forceful, well-substantiated advocacy of its positions on environmental issues. As a result, Massachusetts officials were able to work alongside federal officials in the design and implementation of federal regulations and legislation on the environment.

POLLUTION OF THE SEAS

Massachusetts' successful advocacy of its environmental positions is best exemplified by its actions with respect to pollution of the seas. In December, 1976 the Argo Merchant oil tanker went aground off the Massachusetts coast, spilling 7.3 million gallons of oil into the ocean. Shortly thereafter, Massachusetts initiated a study -- under the direction of Lieutenant Governor O'Neill and Environmental Affairs Secretary Murphy -- to evaluate technological and institutional mechanisms to insure the safe transport of hazardous cargo in coastal waters. The study group's findings and recommendations were presented in an April, 1977 report entitled Oil Spill Prevention and Response.

OIL SPILLS

Armed with its oil spill report, Massachusetts worked with other interested groups in convincing Congress to consider a federal law on oil spill cleanup, compensation and liability. The legislation under review during the past session of Congress called for the establishment of a Superfund of up to \$200,000,000, financed by a 3-cent-per-barrel fee imposed on refiners and terminal owners, to pay for certain spill-related damages.

OFSR and Environmental Affairs lobbied hard for passage of this bill, which remained alive until the closing hours of the session. In the end the House and Senate were unable to resolve their differing versions of the measure. Passage is likely next session, and OFSR will continue to push for this important environmental legislation.

TANKER SAFETY

Over a year after the release of the oil spill report, when it had become clear the federal government was not taking the needed action to prevent future tanker accidents, Massachusetts filed a rulemaking petition with the Department of Transportation demanding federal action in these matters. This petition, along with the Lieutenant Governor's testimony and active lobbying before Congress, helped assure passage of the Port Safety and Tanker Vessel Safety Act of 1978.

The tanker safety legislation establishes construction, design maintenance and operations standards for all tankers entering U.S. ports. It also establishes a timetable for ships to be fitted or retrofitted with several of the latest anti-pollution systems.

The tanker safety law, which Massachusetts was instrumental in drafting and shepherding through Congress, stands as convincing testament to the effectiveness of Massachusetts' efforts to protect the environment.

NATIONAL WATER POLICY

Northeastern cities and rural areas face a new and growing problem: water shortages. For years, national attention has focused on severe water shortage problems in the West, yet little, if any, attention has been paid to the Northeast's growing water-related problems.

The characteristics of the region -- its age, pattern of development, and natural resource limitations -- present the Northeast states with water-related problems different in nature and emphasis from other areas of the country. Particularly in major cities like Boston and New York, the water problem is one of aging water systems and short supply created by leakage and ground water pollution.

Provision of urban water supply has traditionally been the responsibility of local governments. In recent years, however, the development of new supply, treatment and transmission facilities has become increasingly expensive and difficult to maintain. Yet federal water planners have steadfastly refused to provide assistance needed for the Northeast states to rehabilitate old, decaying water supply and sewage systems.

CARTER WATER POLICY

On June 6, 1978 President Carter announced, with great fanfare, a "national" water policy designed to tighten executive branch control over federal spending for expensive dams and other water projects. The administration proposal placed new emphasis on water conservation as a national goal, set tough economic and environmental criteria which future water projects must adhere to, and called for more state participation in the planning and funding of water projects. Finally, a new review panel -- the Water Resources Council -- would provide an independent, uniform analysis of all federal water projects that would be made available to budget makers and the public.

While the President's initiative for the first time seriously challenged Congress' assumed prerogative in spending federal dollars for water-related projects, it failed to reverse the historical concentration of projects in

in the South and Far West. Less than 5% of the FY 79 funds appropriated for water projects were targeted to Northeast States. The need for construction and rehabilitation of municipal water systems had again been overlooked by federal planners.

Congress proceeded to systematically shred the Carter water policy. It loosened policies the President wanted tightened, mandated greater federal cost sharing rather than less, and added 120 new water projects, 36 of which had not received the customary review.

Citing the bill's inflationary impact, on October 6 President Carter vetoed the public works appropriation measure containing federal water projects. The same day the House voted, by a 53 vote margin, to sustain the Presidential veto. Congress then proceeded to add the public works funds, minus the most controversial projects, to a continuing resolution which the President approved.

MASSACHUSETTS WATER POLICY

Citing the regional bias of federal water policies, Governor Dukakis refused to support the Administration's National Water Policy. Working with the National Governor's Association and the Coalition of Northeast Governors, Governor Dukakis, Lieutenant Governor O'Neill, and Environmental Affairs Secretary Murphy have presented the Department of the Interior with recommendations for developing a coherent regional water policy. Among their suggestions are a strong national water conservation policy, including state-mandated water conservation programs; increased federal funding for water and sewer system rehabilitation; and increased state control over water planning and management.

Massachusetts' development has historically been closely tied to its water resources. Wise utilization of its water resources can also serve as a foundation upon which the region can base its revitalization and future well-being.

AIR AND WATER POLLUTION CONTROL

OFSR has worked with the State Office of Environmental Affairs during the 95th Congress in fighting for programs to combat environmental pollution in the Commonwealth and the nation. Given Massachusetts' serious air and water pollution difficulties, it is fitting that the state has won a reputation in Washington as a forceful promoter of legislation to improve environmental quality.

CLEAN AIR ACT

The Lieutenant Governor's office has fought for passage of amendments of the Clean Air Act. The new law, passed in 1977, sets stricter automobile emission standards, although these were slightly relaxed this year;

requires a national technological performance standard for stationary pollution sources; allows states to require new car dealers to certify that their cars will meet an emission inspection test; and prevents the deterioration of present cleaner-than-federal-standards areas. Restrictions were added, however, limiting the Environmental Protection Agency's authority to require on-and-off street parking bans, gas rationing, bridge tolls, and land-use considerations.

Industries in Northeast states, with their dirtier air, have traditionally faced a competitive disadvantage by having to install expensive air pollution control equipment not required of their brethren from cleaner-air states. Under the new law, the installation of anti-pollution equipment is no longer contingent on overall air quality. This provision will allow Massachusetts industries to compete on a more equal basis with their national competitors and, taken together with the several million dollars in air pollution control funds flowing to the Commonwealth, makes the new Clean Air Act a major achievement for the region.

CLEAN WATER ACT

OFSR has also worked on the drafting of the Clean Water Act of 1977, which prescribes a more flexible approach for the funding of water pollution control projects. The new law allocated \$133 million for the construction of wastewater treatment facilities and other clean-up projects in the Commonwealth last year. A slightly small appropriation won approval for FY 79.

Last year OFSR and the Office of Environmental Affairs worked together to secure \$427 million in water pollution control funds. Impounded for two years by the Nixon Administration and then released by Congress, the money was threatened by a last minute rules change in 1977. An agreement hammered out with the White House averted this rules change, and Environmental Affairs succeeded in contracting the funds by September.

PARKS

In the closing hours of the 95th Congress legislation was approved for a \$1.3 billion Omnibus Parks bill. The measure, which also funds conservation and recreation programs, included the following Massachusetts projects: \$4.5 million in acquisition funds for the Cape Cod National Seashore, \$76,000 to meet inflation costs in land acquisition for the Longfellow National Historic Site in Cambridge, whatever funds prove necessary for adding a Dorchester Heights section to the Boston National Historic Park, and government acceptance of John Quincy Adams and John Adam's birthplaces.

URBAN PARKS

Another section of the Parks bill targets \$750 million over the next 5 years specifically to urban areas, signalling the first and possibly only success this session for President Carter's much-heralded Urban Revitalization Program. 70% matching federal funds will be available for local urban recreation programs, while other money will begin to flow to urban park revitalization projects.

OFSR worked with other CONEG states and the Massachusetts Congressional delegation to achieve passage of the urban parks provisions. While we were not successful in winning approval for our favored eligibility criteria to govern the selection of cities which can receive urban parks funds, we did prevent the adoption of standards unfavorable to our region. It is likely that the Secretary of the Interior, who will determine eligibility, will employ the Urban Development Action Grant (UDAG) criteria which we had pushed for.

OTHER ENVIRONMENTAL/RESOURCE/ISSUES OF CONCERN

NEW ENGLAND PORT AND HARBOR STUDY

OFSR was instrumental in securing Congressional approval for a \$308,000 New England Port and Harbor Study. The project, covering the ports and harbors of the 6 New England states, will provide information to state and local officials to help them resolve conflicts over the use of waterfront land and water by diverse and incompatible users. It will be conducted by the New England River Basins Commission.

BOSTON HARBOR DEBRIS CLEANUP PROGRAM

The OFSR was successful this year in resurrecting a long dormant program: the Boston Harbor Debris Cleanup. The program, a \$16 million cleanup effort to be carried out by the Army Corps of Engineers, will clear the harbor of 3.2 million cubic feet of floatable debris, repair or remove delapidated wharves, piers, and bulkheads, and remove loose on-shore debris.

The program, by removing hazards to navigation, will greatly decrease the cost of repairs to shipping companies, fishermen, and recreational boaters. It will also enhance the aesthetic and economic potential of the Harbor's waterfront areas. The cleanup program will be carried out along shorelines, river areas, and bays throughout Boston Harbor -- including Hingham, Hull, Weymouth, Braintree, Quincy, Cambridge, Somerville, Everett, Chelsea, Revere, and Winthrop.

MIT MINING AND MINERALS RESEARCH INSTITUTE

OFSR and Speaker O'Neill's office together worked to ensure MIT's selection as a Mining and Minerals Research Institute -- a designation which will carry with it grants totalling \$820,000 over the next 6 years. Title 3 of the 1977 strip mining law allows funding for 20 such institutes nationwide, with MIT the sole recipient in the New England region.

MIT, which already boasts one of the country's most advanced mineral engineering and fuels technology programs, will receive \$110,000 per year through 1984 to expand its mineral research efforts. The Cambridge-based university will also receive a one time start-up grant of \$160,000. It intends to use part of its new funding to organize a consortium of other educational institutions, including the University of Massachusetts and Boston College, to undertake a range of research and scholastic activities in the mining/minerals area.

NATIONAL AND REGIONAL OIL SPILL CONTINGENCY PLANS

In conjunction with this effort, the Commonwealth, through Lt. Governor O'Neill filed a rule-making petition with the Council on Environmental Quality to revamp and make more responsive the National and Regional Oil Spill Contingency Plans. There inadequacies had been graphically illustrated following the Argo Merchant Oil Spill. CEQ has agreed with our petition and the Plans are currently being revised according to our guidelines.

FISHING

Although it has played a prominent role in our history and remains an important part of our state economy, the fishing industry in Massachusetts has suffered serious setbacks in recent years. Improper management, an excess of foreign fishing off George's Bank, archaic equipment and fishing practices, and a host of economic factors have combined to force the needless retirement of hundreds of our fishermen and to threaten the state's supply of protein-rich fish.

To assist the industry in taking full advantage of the 200-Mile Fishing Limit, enacted by Congress in 1976, Lieutenant Governor O'Neill last year organized and chaired a 200-Mile Fisheries Work Group to look at and recommend ways of solving the problems plaguing the industry. The group included representatives of the fishing industry, government, and business interests. Following a year-long study, the group released a report detailing over fifty actions needed for the industry's economic recovery. Included in the recommendations were: increased state and federal assistance for new port development, pier and dock rehabilitation, and fleet modernization; development of a more effective industry management structure; creation of a fishermen's lobby; improved marketing techniques for sale of nontraditional fish species; and, passage of federal and state legislation to ensure continued support for the industry.

Since release of the 200-Mile work group study, OFSR has worked closely with industry representatives on several projects. These include:

- Development of new marketing programs to sell nontraditional fish species. Through a \$172,000 grant secured by Lt. Governor O'Neill, the New England Fisheries Development Program and the Cape Ann Committee of Gloucester are now selling mackerel, cusk, and pollock to markets in the Midwest.
- Working with the Massachusetts Congressional delegation, the U.S. Department of Commerce and the New England Fisheries Management Council, Lt. Governor O'Neill was successful in adjusting strict federal fishing quotas to allow New England fishermen a higher tonnage of annual catch.
- Creation of a training center for commercial fishermen at the Massachusetts Maritime Academy. Lt. Governor O'Neill was successful in securing an annual addition of \$100,000 for the MMA to offer fishermen and cadets training in fishing technology, business management, navigation, and government regulations.
- OFSR pressed the State Department for firm and even-handed enforcement of the 200-Mile Limit. After the federal government ordered the release of a foreign trawler caught fishing inside the 200 mile zone, O'Neill and the state's Congressional delegation protested uneven enforcement and called for protection of fishermen's rights. As a result, the Coast Guard seized two Russian vessels and held them in Boston while their catches were inspected.

The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is of great importance in the theory of the differential equations of the second order. The problem is to find the general solution of the differential equation

which is a linear differential equation of the second order. The general solution of this equation is given by the formula

where y_1 and y_2 are the two linearly independent solutions of the homogeneous equation

and C_1 and C_2 are arbitrary constants. The particular solution of the inhomogeneous equation is given by the formula

where y_p is the particular solution of the inhomogeneous equation. The general solution of the inhomogeneous equation is given by the formula

where y_1 and y_2 are the two linearly independent solutions of the homogeneous equation and C_1 and C_2 are arbitrary constants. The particular solution of the inhomogeneous equation is given by the formula

AGRICULTURE

It is common knowledge that rural areas provide us with such important basic resources as food and open space, yet until recently Massachusetts had no guiding policy for either protecting its existing farmland or for addressing the problems faced by rural residents, particularly farmers who depend on the land for their living.

Since 1945, the number of working farms in Massachusetts has dropped from 35,000 to fewer than 6,000 today. This is an alarming trend in a state once largely dependent on its own locally-produced foods. Many factors have worked to undermine the farmer's incentive to continue farming-- high labor costs, inflation, soaring land values and high taxes, and the unavailability of land at farm prices. Faced with declining profits, uncertain markets, and developers willing to buy their land, it is not surprising that so many farmers have chosen to sell their farms.

The rapid decline of farming in Massachusetts has hurt the urban consumer as well. Food bills in the state are now 10% higher than the national average due, in large part, to the high cost of transportation. And, as transportation and fuel costs rise, the price of food in our state will increase just as dramatically.

Recognizing the urgent need to preserve Massachusetts' agricultural land, the Massachusetts legislature last year enacted a bill enabling the state to purchase development rights to farmland. Under the new law, farmers who sell their development rights agree to maintain the land for agricultural use and the land, in turn, is assessed for its value as farmland, not at its full market value. By cutting farming costs, not only do farmers have added incentive to farm, but more people will be able to afford to buy land for farming purposes.

In addition to supporting this legislation, the Office of Federal/State Relations has worked on a number of projects designed to promote agricultural growth in the state. Among these are the following:

--OFSR has been active in pushing for passage of the National Agricultural Land Policy Act, a federal bill to provide \$50 million in demonstration grants, annually for 4 years, to states interested in developing pilot programs to preserve farmland. Although this legislation was not passed during the 95th Congress, OFSR will continue to work for passage next year and to ensure that the first of these programs takes place in Massachusetts.

---To encourage greater food independence and the growth of urban markets, OFSR worked closely with the State Department of Agriculture to fund, develop, and advertise Massachusetts Farmers Markets. As part of this effort, we were able to reverse a threatened cutoff of \$1.6 million in funds to the Federal-State Marketing Improvement Program.

Farmers Markets bring together local farmers and urban gardeners to sell their produce directly to consumers at below retail prices. The end result is a minimum price for the consumer and a better price for the farmer. There are now 21 such markets operating across the Commonwealth.

---Working with the Coalition of Northeastern Governors, OFSR was successful in organizing a Northeast Agricultural Leadership Assembly. Scheduled for March, 1979, the Assembly will be the first time that rural, farm, and political leaders from across the country will join to discuss national and northeastern agricultural issues. It is hoped that the Assembly will heighten political recognition of rural/agricultural issues, and of the special problems of rural development in the Northeast.

---OFSR worked with the Massachusetts Department of Agriculture to restore \$3 million in funding, deleted in Committee, to the Urban Gardening Program. Boston's \$150,000 Urban Gardening Program, one of 16 operating across the United States, provides free testing of the lead content of soil, disseminates information on crops, and advises other agencies and urban gardening groups. Although such information and service have been available to rural areas for 65 years, this is the first time they have been furnished for urban residents.

---OFSR is assisting in the development and funding of a two-phase Organic Waste Recycling Demonstration project. The project would be a model for all of New England's urban areas, which are desperate for waste recycling techniques to rebuild city soils and foster urban gardening. The benefits are two-fold: a) the demonstration of appropriate technology for agricultural production, and b) the conservation of precious resources here in Massachusetts and New England.

CRIMINAL JUSTICE/LAW

Our efforts in the criminal justice area were founded on a belief that crime reduction must begin with a sensitive probing of the sources of crime and delinquency. Criminal offenders will one day return to society; the major challenge facing our criminal justice network lies in breaking the cycle of criminal recidivism and making these former offenders productive members of society.

State and local criminal justice officials in the Commonwealth have developed innovative programs to reduce crime, to fairly and efficiently prosecute accused criminals, and to work toward rehabilitation with convicted offenders, yet they lack the funds necessary to implement these policies. The required resources must come from the Federal government, with implementation responsibilities shared with state and local governments. The Office of Federal State Relations worked closely with Senator Kennedy's office in pushing for a reorganization of Federal criminal justice funding programs which would begin to achieve these objectives.

COURT REORGANIZATION

The Cox Committee in December of 1976 issued a report concluding that the Massachusetts judicial system was inefficient and in need of fundamental reorganization. The Cox Committee was formed as a response to the Administration's priority to reorganize the court system in order to eliminate inefficiency and to promote a more effective judicial system.

The recommendations were translated into a legislative package, designed to reduce backlog and delay by transferring de novo jurisdiction from the backlogged Superior Court, to the underutilized District Courts. This package, known as the Court Reform Bill, was passed during the last legislature. OFSR played an integral part in securing \$2.3 million in LEAA discretionary monies to implement this reorganization effort.

LEAA REORGANIZATION

Senator Kennedy has introduced a major refunding program for the Law Enforcement Assistance Administration--the federal funding agency for state and local criminal justice networks. The Kennedy plan allows states to submit 3 to 4 year criminal justice plans reflecting more coherent and far-reaching programming than under the present federal funding system. It would also reduce much of the currently required red tape.

OFSR has and will continue to support the Kennedy measure. OFSR is planning a meeting of all other states positively affected by the bill to develop a lobbying effort. The bill, which would yield increased funding for Massachusetts and 16 other states, has a good chance of passing next year.

COURT BACKLOG

OFSR helped find funding for a major program to attack court delay and judicial case backlog in the Middlesex County Criminal Courts. The program is being funded with \$250,000 from the U.S. Law Enforcement Assistance Administration (LEAA) and uses special teams of assistant district attorneys and administrators to clean up the appeals backlog in Middlesex County. Competing with other proposals across the country to win LEAA funding, the proposal was called the most aggressive and ambitious of any submitted nationwide.

CRIME PREVENTION

Massachusetts has recently established a statewide crime prevention program known as the "Massachusetts Crime Watch". The project is designed to provide crime prevention training and technical assistance to the Commonwealth's law enforcement agencies.

The goal of the program is to educate communities throughout the state to the role that they can play in assisting their law enforcement personnel in preventing crime. Techniques and methods which have proven successful in the prevention of crime in other parts of the country, will be introduced to local residents to enable them to become involved in this mutual effort.

The benefits of this program are two-fold: 1) the lessening of the strain on the criminal justice system, and 2) education of the citizens in the role that they can play in the reduction of crime.

OFSR helped the City of Cambridge receive \$191,000 in LEAA funds to develop another type of neighborhood anti-crime effort which will organize Cambridge citizens in a united front against community crime through educational techniques.

STANDARDS IMPLEMENTATION AND ACCREDITATION

Massachusetts suffers from one of the oldest and overcrowded prison systems in the nation. Massachusetts has been the forerunner and will soon become a national model in developing a statewide campaign to begin standards implementation and accreditation in the corrections management area.

OFSR has played an integral role in securing over \$600,000 in LEAA discretionary monies to fund 6 separate proposals, as part of this corrections effort. Three county institutions have received LEAA dollars to rehabilitate and develop medical facilities to meet American Correctional Association Standards.

OFSR also helped the Massachusetts Department of Corrections secure discretionary dollars to assist in the development of statewide standards in our correctional facilities.

CIGARETTE SMUGGLING

The black market sale of cigarettes from low-cigarette-tax states within high-cigarette-tax states is a major problem for Massachusetts and other Northeastern states. Not only do the high-tax states lose millions of dollars in tax revenues, but they must also contend with the organized crime elements attracted to their borders by this lucrative enterprise. Additional sums are wasted on extra insurance and various security precautions taken by affected industries. Finally, organized crime has made such inroads into cigarette sales--accounting for between 15 and 50% of all cigarette sales in high tax states--that legitimate wholesalers are being forced out of business.

Only hours before it adjourned, the 95th Congress approved a tough anti-smuggling bill which should seriously curtail these illegal activities. The new law makes it a felony to possess, sell, distribute, transport, purchase, or receive contraband cigarettes--defined as any load in excess of 60,000 packs which bear no evidence of state taxes from the state where they are found. Violators would be subject to fines of up to \$100,000, imprisonment for up to 5 years, or both.

Massachusetts was losing approximately \$12 million in revenues annually as a result of cigarette smuggling. The Office of Federal/State Relations, along with Northeast Commerce officials, the other CONEG states, and Senator Kennedy, actively worked for passage of this measure.

ARSON

In an effort to combat arson, OFSR established a task force with a grant from the National Fire Prevention and Control Administration. The task force is composed of representatives from the insurance field, banking, police, fire departments, as well as human services agencies and neighborhood groups. The group is preparing recommendations for a model state plan to be completed in early December of 1978.

In addition to the efforts of the task force, Urban Education Systems of Boston under the same grant is devising an Early Warning System which will enable arson prone neighborhoods and communities to detect likely arson-for-profit targets before the crime occurs.

CHARLES STREET JAIL

Working with the Congressional delegation and the Office of Speaker Thomas P. O'Neill, OFSR secured a set-aside of \$15 million in federal funds to rebuild the Deer Island correctional facility. The measure allows for a new prison, clearing the way for secondary sewage treatment on Deer Island. It could also be used to consolidate a new detention center with the correctional facility, replacing the current Charles Street Jail.

EQUAL RIGHTS AMENDMENT

OFSR worked during the last session with the Massachusetts Congressional delegation and the National Organization of Women in breathing new life into the Federal Equal Rights Amendment. The new law gives pro-ERA forces three more years to gain approval from three additional states required for passage of the amendment. ERA proponents also succeeded in defeating an attempt to allow state legislators to change their minds about their previous approval of the measure.

The ERA amendment, which would be the 27th, says in its major clause: "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex..." The Massachusetts legislature has already approved the ERA, and in 1976 the state voted in its own version of the amendment.

DISASTER RECOVERY

In February of 1978, Massachusetts faced the worst blizzard disaster in the nation's history--thousands of coastal homes and businesses were destroyed by flooding and ice damage; piers, jetties, and coastal seawalls were demolished, and hundreds of families were left homeless. The emotional impact on disaster victims left with few financial resources and their homes destroyed was no less severe. Nor will anyone ever clearly measure the blizzard's full impact on the state's economy.

To aid the state in its disaster recovery effort, Lt. Governor O'Neill organized an office to coordinate the ongoing recovery efforts following the state of emergency. The Disaster Recovery Team, with a staff of eight, has worked closely since the storm with local cities and towns, state agencies, and private organizations to process aid applications and coordinate federal grants, in the first nationwide effort of its kind to ensure full disaster recovery.

Under its coordination, Massachusetts has received nearly \$160 million from the Federal government to aid individuals, businesses, cities, and towns. More than 10,000 families are repairing their homes, and to date over 130 Massachusetts communities have received over \$20 million in grants from the Federal government to rebuild public properties, including seawalls, piers, streets, and sidewalks. Another \$4 million has been committed to state agencies and nonprofit institutions, and the Federal Disaster Assistance Administration (FDAA) has reimbursed \$7 million to cities and towns for snow removal.

A number of private, state and federal agencies have turned resources towards individuals who face rebuilding costs. The Small Business Administration has approved \$54 million in personal loans to homeowners, and we expect another \$5 - 10 million more. The \$35 million SBA has paid in business loans will probably rise another \$5 million. SBA is finishing up 1200 loan applications it has left to process. Only five percent of people applying for SBA help were refused, due to inability to repay the loans. These people had recourse to the Individual and Family Grants (IFG). Almost \$3 million has been granted to people outright in IFG grants up to \$5,000, and nearly \$2.3 million has been processed.

The Federal Department of Housing and Urban Development (HUD) has helped over 3,000 families since February. The Minimal Repair Program has provided individual grants up to \$4,000 to over 2,500 people for basic home repairs. Over 700 families were temporarily housed after the storm by HUD and the State Department of Community Affairs and 200 families remain in temporary housing.

All the problems of the blizzard can't be solved with money. Another untold cost is the emotional impact it has had on its victims. Project Concern began as a pilot project under the state Department of Mental Health, and attracted \$380,000 in National Institute of Mental Health funds. To date, Project Concern has worked with 3,000 people and families suffering psychological effects of physical losses or having problems readjusting after the storm.

To face the continuing needs arising from the Blizzard, an "unmet needs" committee has been set up to help people who have not been covered by existing programs. In addition, the state has applied for and been granted \$6 million from HUD to meet a variety of storm-related needs. \$650,000 of the HUD money is being used to help low-income people rebuild their homes, especially elderly, who could not qualify for SBA loans.

An additional \$1.5 million from HUD will go for a pilot program of coastal floodproofing, providing technical and financial help to people in most dangerous areas who want to protect their homes against future storms. An experimental, forward-looking program, it is geared for protection, and not just rebuilding. It will be underway in September, and will reach 600 to 1500 Massachusetts homeowners.

HUD grant funds will also be used to repair public property that did not qualify under FDAA relief. Because the FDAA funds only man-made structures, we will use this money for beaches, bluffs and dunes that protect property. All work, except for two cases requiring detailed environmental analysis, is already underway or will be by the end of October.

APPENDIXES

FEDERAL AID TO THE COMMONWEALTH

COMMUNITY DEVELOPMENT BLOCK GRANT ALLOCATIONS
TO MASSACHUSETTS CITIES AND TOWNS

FEDERAL AID RANKINGS BY STATE

PER CAPITA FEDERAL AID RANKING BY STATE

STATES WITH INCREASED PER CAPITA AID RANKING

STATES WITH LARGEST FEDERAL AID INCREASES

FEDERAL AID TO THE
COMMONWEALTH OF MASSACHUSETTS
(in thousands of dollars)

Fiscal Year '77

	<u>MASSACHUSETTS</u>
Department of Agriculture	
Children Nutrition and Special Milk Programs	39,303
Commodities Distributed	14,556
Commodity Credit Corporation-Donations	432
Cooperative State Research Service	1,357
Extension Service	1,786
National Forests and School Funds	3
Operation of Food Stamp Program	4,553
Rural Communities Fire Protection	35
Rural Water and Waste Disposal	958
Special Supplemental Food Program	5,734
Watershed and Flood Prevention Operations, and Resource Conservation and Development	494
Department of Commerce	
Intergovernmental Personnel Assistance	391
Development Facilities (EDA)	1,701
Economic Adjustment Assistance Programs (EDA)	1,667
Job Opportunities Program (EDA)	2,528
Local Public Works Program, and Drought Relief (EDA)	16,197
Planning, Technical Assistance and Research (EDA)	94
Coastal Zone Management Program (NOAA)	1,573
Operations, Research and Facilities (NOAA)	1,551
Community Services Administration	
Community Action Programs	18,244
Department of Defense	
Civil Preparedness	855
Corps of Engineers, Flood Control Act of 1954	14
National Guard Centers Construction	8.4
Environmental Protection Agency	
Abatement and Control	6,020
Construction of Waste Treatment Facilities	36,625
Equal Employment Opportunities Commission	151
Funds Appropriated by the President	
Disaster Relief	624
Special Action Office for Drug Abuse Prevention	618
Department of Health, Education and Welfare	
Alcohol Drug Abuse, and Mental Health Administration	18,271
American Printing House for the Blind	92
Center for Disease Control	1,564
Health Resources Administration	14,065
Health Services Administration	17,234
Human Development	34,125

Office of Education	
Educational Development	84
Education for the Handicapped	3,909
Elementary and Secondary Education	44,750
Emergency School Assistance	2,363
Higher Education	2,412
Indian Education	40
Innovative and Experimental Programs	
Library Resources	436
Occupational, Vocational and Adult Education	3,619
School Assistance in Federally Affected Areas	16,705
Social & Rehabilitation Service	10,144
Public Assistance	
Child Welfare Services	1,324
Maintenance and Assistance	236,843
Medical Assistance (Medicaid)	363,037
Social Services	60,014
State and Local Planning	2,542
Work incentives	10,925

Department of Housing and Urban Development	
Basic Water and Sewer Facilities	1,302
Community Development (Block Grants)	83,701
Comprehensive Planning Assistance	1,484
Low Rent Public Housing	91,277
Model Cities Program (-refunds of advances for prior years)	254
Neighborhoods Facilities	237
Open Space Land Programs	596
Urban Renewal	39,353

Department of the Interior	
Fish and Wildlife Restoration Management	431
Land and Water Conservation	3,198
Payment in Lieu of Taxes	123
Preservation of Historic Properties	1,071
Water Resources Research	334

Department of Justice	
Law Enforcement Assistance	17,956

Department of Labor	
Employment and Training Administration	
Community Service Employment for Older Americans	120
Employment and Training Assistance	101,715
Employment Services	40,026
Temporary Employment Assistance	90,041
Unemployment Trust Fund	31
Occupational Safety and Health Administration	126

National Foundation on the Arts and the Humanities	265
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Department of Transportation	
Coast Guard	
State Boat Safety Assistance	285
Federal Aviation Administration	
Airport and Airway Trust Fund	4,227
Federal Highway Administration	
Highway Beautification	144

Federal Highway Administration	175,039
Rural Highway Public Transportation	
Demonstration Program	316
Highway Safety Program	1,851
Natural Gas Pipeline Safety	13
Railroad Safety and Rail Services Assistance	511
Urban Mass Transportation	89,974

Department of the Treasury	
Antirecession Fiscal Assistance Fund	60,674
Corporation for Public Broadcasting	2,268
General Revenue Sharing	209,825

Veterans Administration	3,746
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Water Resource Council	53
Water Resource Planning	45

Miscellaneous

T O T A L	2,079,940
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COMMUNITY DEVELOPMENT BLOCK GRANT ALLOCATIONS
(dollars in thousands)

Massachusetts Entitlement Communities	1977 (Actual)	1978 (Target)	<u>by FY</u>	
			1979 (Estimate)	1980 (Estimate)

(Inside SMSAs)

Adams	\$ 4	\$ 3	\$ 1	\$ 0
Arlington	508	1,102	1,187	1,262
Boston	28,993	24,810	24,710	26,049
Brockton	1,187	1,457	1,569	1,669
Brookline	1,180	1,606	1,730	1,840
Cambridge	3,458	3,367	3,626	3,856
Chelsea	1,845	1,216	609	0
Chicopee	829	1,356	1,461	1,553
Dedham	6	4	2	0
Fall River	4,856	3,914	3,396	3,382
Fitchburg	587	1,337	1,441	1,532
Framingham	604	599	646	686
Haverhill	1,976	1,756	1,641	1,581
Holyoke	2,475	2,084	1,983	2,109
Hull	356	233	117	0
Lawrence	1,578	2,191	2,360	2,509
Leominster	420	498	537	570
Lowell	3,098	2,634	2,715	2,887
Lynn	3,152	3,383	3,643	3,874
Malden	4,546	3,507	2,625	1,804
Medford	652	1,789	1,927	2,049
New Bedford	9,505	7,047	5,122	3,739
Newton	776	2,107	2,270	2,414
Peabody	282	185	93	0
Pittsfield	1,342	1,475	1,589	1,689
Quincy	1,022	1,902	2,048	2,178
Revere	30	20	10	0
Salem	992	650	326	0
Somerville	1,215	3,323	3,579	3,806
Springfield	8,469	6,746	5,595	5,032
Waltham	694	1,123	1,209	1,286
Weymouth	603	604	650	692
Worcester	5,374	5,379	5,794	6,161
Discretionary Balance*	3,727	9,705	13,490	16,493

(Outside SMSAs)

Gloucester	1,138	747	374	0
Marlborough	1,068	701	351	0
Newburyport	588	386	193	0
North Adams	275	180	91	0
Plymouth	89	58	30	0
Taunton	135	39	44	0
Discretionary Balance	2,246	4,412	5,955	7,480

*Urban County and SMSA Discretionary Balance figures for 1978 through 1980 assume that the urban county entitlement configurations will remain the same as in 1977.

TOTAL FEDERAL AID RANKINGS
(in thousands)

1.	New York	7,446,787
2.	California	6,813,730
3.	Pennsylvania	3,628,059
4.	Illinois	3,202,188
5.	Michigan	2,915,254
6.	Texas	2,885,381
7.	Ohio	2,510,305
8.	New Jersey	2,199,862
9.	Massachusetts	2,079,940
10.	Florida	1,988,414
11.	Georgia	1,861,105
12.	North Carolina	1,511,942
13.	Wisconsin	1,493,308
14.	Virginia	1,311,454
15.	Maryland	1,244,922
16.	Louisiana	1,237,128
17.	Minnesota	1,224,464
18.	Tennessee	1,188,617
19.	Missouri	1,142,323
20.	Alabama	1,120,519
21.	Washington	1,118,893
22.	Indiana	1,095,093
23.	Kentucky	1,018,066
24.	Connecticut	894,981
25.	Oregon	836,132
26.	South Carolina	802,540
27.	Mississippi	800,688
28.	Oklahoma	782,019
29.	Colorado	714,543
30.	Iowa	714,420
31.	Arizona	648,435
32.	Arkansas	638,790
33.	West Virginia	631,233
34.	Kansas	548,524
35.	New Mexico	449,345
36.	Maine	411,510
37.	Hawaii	400,144
38.	Utah	387,837
39.	Alaska	382,004
40.	Nebraska	367,820
41.	Rhode Island	357,546
42.	Montana	347,632
43.	Idaho	287,675
44.	South Dakota	240,454
45.	New Hampshire	233,703
46.	North Dakota	224,401
47.	Vermont	222,501
48.	Nevada	206,027
49.	Delaware	187,302
50.	Wyoming	185,644

PER CAPITA RANKINGS
IN FEDERAL AID

1.	Alaska	1,000.00
2.	Wyoming	476.01
3.	Vermont	467.44
4.	Montana	461.66
5.	Hawaii	451.12
6.	New York	411.79
7.	Rhode Island	385.70
8.	New Mexico	384.71
9.	Maine	384.59
10.	Georgia	374.47
11.	Oregon	359.01
12.	Massachusetts	358.05
13.	South Dakota	350.52
14.	North Dakota	348.99
15.	West Virginia	346.64
16.	Idaho	346.18
17.	Mississippi	340.14
18.	Nevada	337.75
19.	Wisconsin	324.00
20.	Louisiana	322.08
21.	Delaware	321.82
22.	Michigan	320.22
23.	California	316.62
24.	Utah	315.83
25.	Washington	309.77
26.	Minnesota	308.82
27.	Pennsylvania	305.85
28.	Alabama	305.73
29.	Arkansas	302.89
30.	Maryland	300.41
31.	New Jersey	299.87
32.	Kentucky	296.98
33.	Connecticut	287.13
34.	Arizona	285.65
35.	Illinois	285.17
36.	New Hampshire	284.31
37.	Oklahoma	282.72
38.	Tennessee	282.06
39.	South Carolina	281.79
40.	Colorado	276.63
41.	North Carolina	276.46
42.	Virginia	260.62
43.	Iowa	248.93
44.	Missouri	239.08
45.	Kansas	237.46
46.	Nebraska	236.84
47.	Florida	236.12
48.	Ohio	234.83
49.	Texas	231.07
50.	Indiana	206.54

STATES EXPERIENCING GAIN IN PER CAPITA AID RANKING

Arizona	41 to 34
California	29 to 23
Connecticut	43 to 33
Delaware	24 to 21
Florida	50 to 47
Georgia	23 to 10
Hawaii	9 to 5
Illinois	38 to 35
Iowa	44 to 43
Massachusetts	17 to 12
Missouri	46 to 44
New Jersey	35 to 31
New York	7 to 6
North Carolina	42 to 41
Pennsylvania	30 to 27
Rhode Island	11 to 7
Virginia	42 to 40
Vermont	5 to 3
Washington	26 to 25
Wisconsin	36 to 19

STATES EXPERIENCING NO CHANGE IN PER CAPITA AID RANKING

Alaska	1	Ohio	48
Kansas	45	Oklahoma	37
Michigan	22	South Carolina	39
North Dakota	14	Wyoming	2

TOP 15 STATES IN TOTAL FEDERAL AID INCREASES

(in thousands)

1. New York	+\$1,029,507
2. California	+\$1,010,876
3. Pennsylvania	+\$ 506,488
4. Florida	+\$ 460,726
5. Georgia	+\$ 440,008
6. Illinois	+\$ 406,721
7. Ohio	+\$ 375,487
8. New Jersey	+\$ 338,325
9. Wisconsin	+\$ 327,899
10. Michigan	+\$ 299,649
11. Texas	+\$ 281,118
12. Massachusetts	+\$ 259,264
13. North Carolina	+\$ 236,902
14. Connecticut	+\$ 171,031
15. Washington	+\$ 139,204

SOME OF THE BIGGEST JUMPS IN PER CAPITA RANKING

Wisconsin	36 to 19
Georgia	23 to 10
Connecticut	43 to 33
Massachusetts	17 to 12

OTHER NORTHERN STATES WITH IMPROVED RANKING

New York	7 to 6
Rhode Island	11 to 7
Pennsylvania	30 to 27
New Jersey	35 to 31
Vermont	5 to 3



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